MANUFACTURING

NON-METALLIC MINERALS

1975 - 1978

HANSARD 7 Q. columns. 516-17.
18 March 1975.

(1) 193
(2 ~~78A~~

Cement exported

*14. Dr. F. J. FISHER (for Mr. H. A. van Hoogstraten) asked the Minister of Economic Affairs:

(1) (a) How many tons of cement were exported during the financial year 1973-74 and (b) to what countries is cement exported at present;

(2) whether there is a surplus of cement in the Republic; if so, what is the tonnage of the present surplus;

(3) whether he will make a statement on the matter.

†The MINISTER OF ECONOMIC AFFAIRS:

(1) (a) Cement to the value of R4 512 311 free on board was exported during the period 1 April 1973 to 31 March 1974.

(b) Details of the countries of destination of the Republic's exports and of the quantities exported are not published.

(2) The cement industry at present has a production capacity in excess of that which is needed to meet the current local demand for cement. However, the industry's production is being adjusted to the level of the existing demand so as to avoid the accumulation of surplus stocks.

(3) The cement industry is at present negotiating with foreign buyers with a view to finding additional overseas markets for the cement surplusses which would be produced if the industry had to work at full capacity, but which for the time being cannot be sold in the local market.

193

Glass pushes 'everything' up in price

RDM 31/5/75

Staff Reporter

THE COST of "everything you like to think of" is likely to go up because of a 10 per cent Government - approved increase in the price of glass containers. The industry has asked for more.

A spokesman for Consolidated Glass Works, the largest supplier in South Africa, said yesterday the increase would affect "soft drinks, face cream, beer, milk and just about everything you like to think of."

The increase becomes effective from tomorrow.

The public already faces increases in the prices of butter, cheese, condensed milk and powdered milk next week.

And even the cost of writing out a cheque is to increase from Monday.

The major banks, including Barclays, Nedbank, Standard, Volkskas and Trust, have announced that cheque books are to cost up to 27 per cent more.

The banks blame the "alarming rises" in the cost of paper and printing for the increase

A book of 50 cheques will now cost R1,75 and 100 forms R3,50 Today they cost R1,40 and R2,75 respectively.

And the national executive of the SA Motor Traders Association will meet next week to discuss the Government's rejection of its demand for increased margins for petrol retailers

According to a member of Samta, the executive will consider what course of action should be followed.

Until a decision is taken, most garages are expected to open for petrol sales this morning.

A senior official of the Dairy Board in Pretoria refused yesterday to say what the new prices would be for butter, cheese, condensed milk and powdered milk.

"We have been sworn to secrecy," he said.

Earlier this week the Minister of Agriculture, Mr Hendrik Schoeman, told the Rand Daily Mail the prices of industrial milk products would be increased by about ten per cent

An official in the Minister's office said from Cape Town that details of the increases were still being considered.

But Mr Ralph Horwitz of OK Bazaars said yesterday he had just been informed by the manufacturer that the price of condensed milk would go up immediately

At present the prices of butter and cheese are subsidised — butter by about R13-million a year and cheese by about R1 200 000

It is not known whether these subsidies will be increased to compensate producers for their claimed 20 per cent increase in production costs, or whether the increase will be loaded on to the consumer price

It seems likely that the consumer will have to pay.

If the Government increases the butter subsidy, there will be a sharp reaction from the trade unions.

The unions have pleaded with the Minister to remove the subsidy from butter — "a luxury product" — and transfer it to fresh milk, or other essential foods

(193)

Anglo-Alpha picks up

RDM 12/6/75

Deputy Financial Editor

MAINTENANCE of the final dividend is the most encouraging feature of an otherwise predictable lower set of results from Anglo-Alpha Cement in the year to June 30.

Anglo-Alpha, in which there was not unanimous faith that it would be able or want to maintain an annual dividend at 9,5c on lower profits, did better than expected in the second half On a comparison with the second half of the previous year, Anglo-Alpha actually earned more at the attributable level

But it was in the first half, before the token cement price increase, that Anglo Alpha was badly hit

Attributable profits in the review period fell from R5 677 000 to R4 306 000 on rising operating profits and turnover

Pre-tax, pre-interest profits rose from R21 189 000 to R23 782 000 on turnover which topped R100-million — more than R20-million up on the previous year

Bigger charges against profits eroded the improvements down the line

CONFIDENT

Interest payments ballooned from R2 452 000 to R4 073 000 and depeciation and provision for replacements absorbed R3-million more than the previous year The total allocation for this item was R10 483 000

Pre-tax profits fell from R11 870 000 to R10 097 000 and outside shareholders' interests absorbed R2 104 000 compared with R1 874 000 in the previous corresponding period

The position was aggravated by an extraordinary loss of R600 000 on foreign exchange adjustments

Anglo-Alpha's shares earned 14,4c, compared with 18,9c previously, and the dividend was maintained at 9,5c by the payment of a 6,5c final

At 97c to yield a fraction less than 10 per cent, Anglo-Alpha looks fairly priced

The directors are confident that the cement industry's appeal to the Government for a more realistic pricing policy will be sympathetically treated Anglo-Alpha is continuing with its expansion plans, which with a little help from its bankers will be met from additional borrowings

Anglo-Alpha estimates the cost of the first phase in its expansion programme — the commissioning of a clinker plant — at R52-million

Sunday Times (Bus Times) 15/6/75 (193)

PLATE GL

By RALPH HELLER

THE Plate Glass group is in a cost squeeze.

As a consequence, Plate Glass and its pyramid company, Placor Holdings, yesterday announced marginally lower results for the year ended March, but dividends have been maintained.

Plate Glass itself, despite a 20 per cent rise in turnover, produced net equity earnings of R9 086 000 in the year under review — R26 000 less than the R9 112 000 achieved in fiscal 1974

Earnings per share were 64,7c and 65c, respectively, giving a more than twice cover for the 30c total unchanged dividend.

The group, in line with latest practices, has switched to equity accounting

This means that its income includes the proportion of profits of associated companies in which it holds at least 30 per cent of shares. Previously this was 50 per cent.

The directors say they are not dissatisfied with the performance under difficult economic conditions

"Reasonable growth was attained in the first half of the year but during the second six months the impact of sharply rising costs against a relatively static sales performance resulted in an unavoidable decline in profitability," they say

Some of these cost rises over the year have been dramatic

Plate Glass transport costs rose 37,5 per cent, and the average wages and salaries bill by 19 per cent — with a higher proportionate increase for Blacks

Undoubtedly the cost of money has also been one of the problems plaguing the group

The Plate Glass balance sheet for fiscal 1974 shows net borrowings at R35-million Since then this figure has risen sharply

By how much, will only be revealed when the report for the year is published

What is known is that in October, R7,3-million was raised by way of 9,5 per cent non-redeemable participating preference shares

A further R7-million was brought in through a 4-to-7-year multicurrency loan in Europe.

Since then, Plate Glass has signed a R1,3-million machinery lease deal for Melabond, its plastic laminating company

And Placor has got itself off the hook by selling its R4-million book in two finance companies to Ryan Nigel

Chairman Morris Lubner is cautious about prospects in fiscal 1976

"Although some resurgence of activity may well be experienced in 1976, the group is largely dependent on those sectors — construction, furniture, household appliances and motor vehicles — which appear to have limited growth potential at present"

Mr Lubner adds that short-term prospects, despite a 10 per cent rise in sales in April and May can not be viewed as particularly encouraging

"We are in the process of economising and are spending more time on staff training We are looking for profits from savings as opposed to getting them from unrealistic sales levels coupled with poor credit risk"

Referring to outside activities, Mr Lubner said the Rhodesian company did exceptionally well but that the country was in a liquidity squeeze

The Malawi operation, he said, was also doing well.

The Botswana and Mozambique outlets are small, consisting of merchandising and shopfitting

O'Brien, the Australian glass subsidiary, has been through a tough year plagued by strikes "We are now re-organising and have moved out of certain labour-intensive activities This year should be better," Mr Lubner said

Doulton Glass, part of Lord Cowdray's Pearson group, in which Plate Glass and Rio Tinto Zinc Europe have a stake, have also shown lower profits

Placor Holdings, which holds 50 per cent of Plate Glass — its main source of income — showed a R49 000 drop in net income attributable to shareholders, to R4 420 000, in the year ended March.

Earnings a share dipped in sympathy from 22,7c to 22,4c a share.

A final dividend of 6,8c, making for an unchanged 10,6c total for the year, has been declared

Mr Lubner said "The development of general instalment credit has been inhibited by a continuing paucity of funds, and a decision has been taken to divert resources almost exclusively into those financing areas which are mutually advantageous to both Placor and Plate Glass"

For this reason, North Midland Finance and Placor Medical and Professional Leasing, were sold by Placor to Ryan Nigel

At the same time, PG Building Supplies, whose shares are currently suspended pending a scheme of arrangement, whereby Plate Glass intends acquiring minority shareholdings, announced its results for the year ended March

Details of the offer to minorities are expected this week.

PG Building Supplies' net equity earnings were ~~R182 420 in 1975 against~~ R291 636 for the nine months ended March 1974.

The total dividend is unchanged at 4,5c for the year.

Yesterday Plate Glass announced that its board is to be restructured

Morris Lubner, who has been with the group for 53 years, is to step down as managing director, and hand over to four joint managing directors.

Mr Lubner is to stay on as chairman

The four new managing directors are Harold Cohen (chief executive of Fibreglass SA), Lucien Levy (Shatterprufe Safety Glass Co), Bertie Lubner (PG Wood Products) and Ronnie Lubner (PG Glass Holdings).

Police on standby at strike firm

Star 17/6/75

East Rand Bureau

Germiston police were on standby today in case of any trouble at the Supe[illegible] Cement and Asbestos factory, where 320 sacked strikers are to be given their money.

The entire Black staff at the firm were fired yesterday after refusing to return to work. They had been on strike for nearly [illegible] days.

Colonel J. Pieterse, police district commandant at Germiston, said his men were on call at the station, but they would not show up at the factory unless they were needed.

Reef factory sacks strikers

RDM 17/4/80

Labour Correspondent

THE 320 African workers who went on strike in Germiston on Tuesday have been fired.

The workers, the entire African staff of the Super-ocla concrete and asbestos company's Germiston factory, were protesting against the treatment they were given at the factory, and against their wages.

After spending the whole of Tuesday at the factory gates, the workers agreed to return to work yesterday morning, and to elect spokesmen to negotiate with management.

Yesterday, however, the strike continued. The workers refused to start work until their spokesmen reported back after meeting management, and management refused to hold this meeting until the workers were back at work.

After consultations by telephone with lawyers, police and government departments, the company's area manager, Mr R. E. Pearson, announced to the workers that they had all been dismissed. The workers cheered loudly and dispersed shortly afterwards.

The workers have been told to collect their pay today.

"We expect many of them to ask for their jobs back," Mr Pearson told the Rand Daily Mail: "We will re-engage those we feel are the sort of people we want."

Mr Pearson said the statutory works committee in the factory had been entirely ignored in the strike. The works committee members had participated in the strike, but completely different people had been elected as spokesmen during the strike.

Mr Pearson said a large majority of the strikers had been forced to join the strike by intimidation.

Workers on the scene yesterday alleged that senior factory officials used abusive language and racial insults towards them.

They claimed that employees were being sacked at the rate of 10 a week, and said they were demanding an increase in the minimum wage from 40c to 60c an hour.

Mr Pearson denied that the factory was dismissing 10 people a week. Many employees were going of their own accord, he said, often because they had found better jobs or for other practical reasons.

"A total turnover of 10 a week in a factory our size is not exceptional," he said.

The factory had recently been taken over by Super-ocla, Mr Pearson said. "We have had a lot of difficulty imposing discipline."

193

Cape Times 12/7/75

New cement process will save millions

SOUTH AFRICA is likely to save tens of millions in foreign exchange as the result of a new process developed by one of the country's big four cement producers, Blue Circle Cement Limited.

The company has developed a kiln for producing an almost pure white material offering significant advantages over other South African cements, and a substantial cost advantage over imports of equivalent products.

Imports of so-called "white" cement are currently running at some 20 000 tons a year, costing well over R100 a ton, which is more than five times the price of South African grey cement, at around R20 a ton.

As BCC is offering its new cement at prices 30-35 percent lower than that for imports, annual consumption by the SA building industry could rise well above the present 20 000-ton level. The price of imports has been a major obstacle to growth in the market for white cements.

CONSUMPTION

If consumption of white products rises to just one percent of all domestic cement consumption, it will provide a market of some 70 000 tons a year

At 100 000 tons a year, the saving in foreign exchange, at today's prices, could exceed R12 million annually

A special kiln for BCC's new product was converted at a cost of some R250 000 at the company's Orange Free State factory, and has so far produced about 2 500 tons of the new material, all of which has been sold The kiln capacity is 50 000 tons a year, and two other kilns are available for conversion if demand warrants this.

Raw materials include kaolin and special limestone, from remote deposits recently opened up by BCC. The conversion process includes the world's first purely coal-based firing system, which has reduced costs and avoided any dependence on imported oil or gas.

193

Chairman sees 1976 perking up

THE Plate Glass group earned a record turnover in the last financial year with pre-tax profits of R16,79-million, its highest yet

Chairman Morris Lubner says that some resurgence of activity is likely to be felt in 1976 He is confident in the longer-term trading conditions in the country generally and in particular the areas in which the group operates

Mike Scott, financial director, says "It is interesting to review the development which has taken place during the last 10 years

"The total assets of the group have grown eight-fold from just under R20-million to the present figure, which is in excess of R160 million Pre-tax profit has increased from just over R2 million to nearly R17-million

"This illustrates two things firstly, there has been a substantial expansion in traditional merchanting operations But further, it is during this period that we began to spread our wings internationally

"It would not be correct to over emphasise this development but, nevertheless, a material change did take place

"Side by side with investment abroad has come about the use of international money markets for the purpose of funding our business and, as a result, we have established meaningful relationships with both international banks and businesses

"Further, this last decade has seen the progress of the group towards a more vertically integrated position, that is to say, a proportionately greater investment has been made in manufacturing facilities and also into group product users

"The purchase of 100 PGSI shares in mid-1960 would have cost just under R100 Even if an investor had not followed any rights issues, his investment would now be worth about R1 300, and during that period he would have received some R650 in dividends

"This year's profits have been achieved despite large cost increases — 37,5 per cent for transport, 19 per cent more for salaries and wages (with higher proportionate increases for Blacks) and a sharp rise in interest rates I feel that this is a commendable performance "

To soften the inflationary blow, several trimming schemes were put into operation "We have reduced in certain areas the numbers employed by making these areas less labour-intensive.

"With a fleet of about 2 000 vehicles we have been battling continuously against transport costs and we believe that money spent in the strengthening of that operation will more than repay itself by the better use of transport

"Everything in transport has gone up in price servicing, parts, oil, petrol and drivers' wages We must not overload ourselves," he said

In the third problem sector, that of interest rates, Mr Scott said· "We try to fund ourselves as inexpensively as possible but with security of tenure on our money "

The directors feel that reasonable growth was attained in the first half of the year, but during the second six months the impact of these sharply rising costs was felt.

Despite a 16 per cent rise in turnover, Plate Glass achieved net equity earnings of R9 086 000 — R26 000 less than achieved in fiscal [illegible]

Earnings per share were 64,7c and 65, respectively, giving a more than twice cover for the 30c total unchanged dividend

The group, in line with latest practices, has switched to equity accounting This means that its income includes the proportion of profits of associated companies in which it holds at least 30 per cent of shares

Previously this was 50 per cent In October, R7,3 million was raised by way of 9,5 per cent non redeemable participating preference shares A further R7 million was brought in through four to-seven year multi-currency loans in Europe

Referring to the Euro-currency loans, Mr Scott said "These are only available to the blue chip companies and it means that people abroad have confidence in both South Africa in general and Plate Glass in particular We obviously have some position abroad -- an international status "

As a result of this, while Plate Glass has suffered from the decline in value of the rand, interest rates on the currencies borrowed are much lower than those paid in South Africa

He added, however "I have a fundamental belief in the value of the rand and it should prove to be one of the strongest currencies, so we need not be too concerned about the present short-term diminished value of it "

Placor Holdings, which holds 50 per cent of Plate Glass, showed a R49 000 drop in net income attributable to shareholders, to R4 420 000, in the year ended March

Earnings per share dipped in sympathy from 22,7c to 22,4c a share. A final dividend of 6,8c, making an unchanged total for the year, has been declared

A group the size of PG naturally depends to some extent on projections "Projections and forecasts must essentially be based on informed guesses and it is difficult and perhaps dangerous with the present international volatility to place much credence or value on them

"But we do have a series of projections, even though to look 12 months ahead is problematical We feel that times will be difficult until the end of the year, but that there will be a resurgence of activity in 1976, when we are confident we will again get a lion's share of the increased activity "

Exports have also shown an increase and now stand at R3-million a year "We have the ability on short production run items to compete with overseas manufacturers and I feel that this is a feather in our cap "

Looking towards future investment, Mr Scott said "We always consider ourselves to be a non-conglomerate — we only go into businesses we know, that is, if it's to do with glass or timber

"In these fields we are making acquisitions and are investing money all the time We invested R7-million in plant and equipment last year and the bulk of this will come on-stream within six months "

Mr Scott agreed that not all the companies are profitable

"We have certain loss areas, but they are small If there hadn't been this downturn in the building sector — mainly in the residential field - we would probably not have suffered any losses "

Discussing the finance department, Mr Scott said that he, as financial director, is substantially reliant on those under him "You cannot run a business this size without very good people at all levels

"If there is a problem in this group it is that we are large and small, intensive and extensive This means you have to have the sort of controls that are equally applicable to both the small and large operations

"Management supervision and control is one of the critical areas being so wide flung, and with different sized outlets and operating units "

One of the most difficult jobs of all is maintaining an efficient credit control system, but here Mr Scott says is he lucky in having one of the most sophisticated with a top class team at the helm

"This is one of our very strong points We deal with close on 60 000 clients throughout Southern Africa and we are particularly proud of our effieciency in dealing with them "We believe that credit is a sales aid and therefore our control is not a negative but a positive factor in the group

"We use it as a positive influence in our business We get an insight into the person's business and sometimes we will give him advice on how to run it We will look at his future plans and comment

"We are equipped to make suggestions to him and if we think he is not going about his business in the right way we will tell him so and how it will affect his credit from us," he said

Toughened glass suspended from the ceiling hangs into a channel in the floor.

MICHAEL SCOTT was persuaded to join the group two years ago as financial director As joint deputy managing director of a merchant bank, he was closely associated with the group and obtained a deep insight into the group's financial affairs

He has introduced new dimensions to the group's financial planning and control and his knowledge of domestic and international money matters is invaluable in the development of the group's activities

He is a man of strong views and dynamic approach He has an ability to combine his many years of experience as a banker with an appreciation of commercial rationale

He is a keen and active sportsman

(143)

Sun Times (Bus Times Survey) 13/7/75

PLATE GLASS has grown from a small glass merchant in the Cape 80 years ago to a R160-million giant with international trading interests

The fact that it tops its section on the Johannesburg Stock Exchange is no surprise, for PG straddles one of the most vital sectors of the economy with building supplies and fittings

Its fortunes are linked to the grass-roots progress of the country's economy and, as such, its enterprises generate employment opportunities in the numerous industries which it serves

Record profits for the PG group this year reflect the current high level of Government spending and further indicate that although the private builder may be having a quiet time, the home improver at least is busily renovating old properties

Another important PG field and there are at least a dozen others, is the motor industry which has been absorbing its windscreens in ever-increasing numbers

Recently the group has entered a phase cf vertical integration, acquiring a new management structure which is already pushing beyond the company's existing international trading areas into new markets, adding at the same time still more products to an already wide range

From those early days in Cape Town the group has spread its branches through Africa and overseas to Australia and Britain

Today it is South Africa's largest glass distributor with outlets throughout the country and South West Africa, providing specialist services for the supply and fixing of all types of glass for vehicles, buildings and furniture

It is the principal manufacturer of quality mirrors and also produces laminated safety glass and a comprehensive range of special-purpose architectural glass

Group activities now encompass the manufacture, processing distribution of glass, safety glass, fibreglass, timber, woodboard products and other materials of the building, motor appliance, furniture manufacturing and allied industries

It is because Plate Glass serves these susceptible fields of endeavour that it acts as a barometer for the state of the nation

Economic depressions are often felt first in the building sector and the luxury fields of cars and furniture The performance of Plate Glass in these fields gives an important indication of the course of the economy

Despite the downturn in the building sector, Plate Glass continues its investment, adding confirmation to the prediction that South Africa will come out of her present lull in the early months of next year

The group's main operations outside South Africa are in Rhodesia, where Plate Glass Industries Rhodesia is a company quoted on the Salisbury Stock Exchange and is a big contributor to group profits

In addition, PG Building Supplies owns a Rhodesian company involved in logging hardwood timbers and converting them into sleepers and flooring

Trading is carried on in Malawi, Mozambique, Botswana and steady progress is being made in Australia through F G O'Brien Ltd and the Automobile Glasses group of companies

In Britain, a 50 per cent interest has been bought in Plate Glass Pillar, which holds as its sole investment a minority interest in Doulton Glass Industries (Holdings), the largest distributor of flat and safety glass in the UnitedsKingdom

Although the inclusion within the Plate Glass and Shatterprufe Industries framework of the shopfitting group of companies is recent, most of the companies have been in operation for many years — Frederick Sage, Robertson & Cubitt and J H Ross

PG Environmental Systems manufactures products widely used for store fixtures and similar applications with agreements with overseas manufacturers to make and market their products to further develop store fixturing, lighting and home improvement fields

The group entered the timber and board business when it began supplying furniture manufacturers and is now a leading supplier of hardwoods and board products to building and allied industries

It is now fast developing plastic laminates as an alternative to wood finishes

Shatterprufe Safety Glass Co is a big supplier of laminated safety glass to motor and building industries, and Fibreglass South Africa (Pty) plays an important role in the insulation and reinforced plastic fields

It is through these diversified fields that Plate Glass has built up its outlets over the last 10 years from 71 to 345 in 113 centres, and its employees from 3 700 to 16 000

In the last fiscal year the group had record profits of R16,79-million and total assets of R160-million The reasons for this success, gained in the face of rising costs, is the board's concepts of running such a large business

It views Plate Glass — despite its vastness — as a family concern and attempts to keep the small business attitudes is prevalent at all times

The door is always open and the directors and chairman spend much of their time dealing with the joys and sorrows of staff, suppliers and customers alike

In addition to staff welfare, the board also maintains close relationships with suppliers, and annual sports days are held to bring the customer-supplier relationship on to a more social level

Having established a set format in human relationships, the board keeps the "family" together by shying away from proposed take-overs and mergers, thereby maintaining the group's indentity

Because of the success of the individual directors in all spheres of management, the chairman, Morris Lubner, had difficulty in selecting a replacement when he relinquished the post of managing director

There appeared to be only one way out, and he took it Four of his most reliable "right hands" were all promoted to the post of joint-managing directors — Harold Cohen, Lucien Levy and Mr Lubner's sons, Bertram and Ronald Lubner

SA ceramic factory achieves peak output

STAR 14/7/75

Industrial [illegible] Technical know-how developed by Rosenthal in Germany is being put into practice by 670 Africans and 130 Whites at the Huguenot porcelain factory in Rosslyn near Pretoria with excellent results.

[illegible] the average output per production unit for fine household ceramics elsewhere in the world is about 150 tons a year, Huguenot has been producing 280 tons a year since the end of 1972.

The annual [illegible] comprises 17.[illegible] pieces of porcelain [illegible] 1.3m [illegible]. The balance [illegible] either [illegible] along the [illegible] or is not up to standard.

It is roughly estimated that each manufactured piece of porcelain takes six weeks from the clay to the finished product and passes through 100 pairs of hands.

SIZE

The [illegible] Huguenot [illegible] labour force — which [illegible] for [illegible] percent of the overall cost of the production plant — does not differ significantly from units the world over.

The output of any ceramic production unit is ultimately determined by the number of kilns available. In Huguenot's case, experience suggests that 280 tons a year is the maximum [illegible] controllable production.

The kilns burn through-out the week and all through the year — apart from maintenance and repair periods — and Huguenot's electricity bill until now has been R25 000 a month, but is expected to rise to R32 000 when the new rates become effective.

The works manager and head of the Rosslyn factory, Mr Arno Friewald, 41, was seconded to the position in 1966 by Rosenthal in Germany.

Rosenthal does not have any shares in Huguenot or its holding company, Continental China Holdings (which has South African shareholders) but supplies technical knowledge under contract on a royalty basis.

Mr Friewald [illegible] unusually high production [illegible] a productive spirit in the [illegible]. This is not achieved through any incentive scheme — which he does not believe would help.

Rather the workers are all divided into teams which each have team leaders. The team leaders, of which there are about [illegible], report to departmental foremen or supervisors, which, in turn, have regular meetings with the production officer.

Mr Friewald foresees a pattern emerging at the Rosslyn factory where African workers who are trained in the skills of ceramics will one day pass these skills down to their children — much as happens in Europe.

Move for dearer cement

Mercury 29/8/75

193

Mercury Correspondent

JOHANNESBURG — The cement industry is once again preparing to enter negotiations with the Price Controller for an increase in the cement price.

Manufacturers expect to be at Mr. Joep Steyn's door within two weeks.

Since last December, the industry has been granted two increases totalling about 11,3c per 50kg pocket, well short of the 20c to 22c it was looking for.

Disenchanted manufacturers claim the increase was not sufficient to make any contribution to profitibility over the past financial year, which for most cement companies ended on June 30 last.

They warn that unless the authorities are prepared to relax controls considerably to enable the industry to earn a fair return on capital, it is unlikely that profitability in the year ahead can be maintained at a healthy level.

193

31/8/75

Brick industry needs millions

By DAVID PINCUS

THE South African brick industry will have to find at least R325-million to invest in new plant and equipment in the next five years if it is to meet the building industry's needs.

Philip Reynolds, director of the South African Brick Association, says: "This is a conservative figure. The owners of the country's 300 brickyards will probably have to invest a lot more than that.

"The money will have to be invested at a rate of between R55-million and R65-million a year if the industry hopes to cope with the increase in demand — this is expected to rise at between 8 and 10 per cent a year."

This investment will quadruple the brick industry's present R120-million stake in plant and equipment.

Mr Reynolds said that apart from the normal upswing in demand by the building industry, the brick industry feels that it may have added to this with the perfection of a brick panel method of construction for economic houses that could revolutionise building methods.

Members of the association have been working on this method for 11 years and have spent about R500 000. They have now developed a method of using brick panels that will enable a team of six unskilled labourers to build a complete Soweto-type house with the exception of the interior dividing walls, in a day.

Demand outstrips today's capacity

"We will demonstrate this method to one of the Bantu Administration Boards in the near future and feel sure it will, to a large extent, replace the present method of building houses in African townships from concrete blocks," he said.

"Once we have broken into that market we feel certain the next step will be the use of this method for outbuildings in White suburbs

"After more development, it should be found suitable for prestige houses in better-class suburbs

"About 10 years ago members of our association proved that a brick panel house could be built in a day, but it was a capital-intensive operation. We had to make use of sophisticated equipment, such as tower cranes, to do the job

"That would have made the system, as it was then, uneconomic — save for large contracts.

"Another drawback was that the joints between the panels were not windproof or watertight. We overcame that problem by developing a special joint that provides an adequate seal against both wind and rain

"The problem of having to move sophisticated plant to the site was overcome by developing a 1 sq metre panel that can be handled by two labourers and which is slotted into accurately positioned uprights.

"Our roofing people have also developed a special type of roof that can be fitted by unskilled labour.

House shortage

More bricks needed

"The beauty of the system is that everything, with the exception of the concrete floor, can be made in a factory and taken to the site

"Our system is completely modular, which means that any size or shape of single-storeyed economic or sub-economic house can be built by unskilled labour using the same components"

Another advantage is that foundations are needed for the houses.

The demand that can be creat[ed] for houses built using this me[th]od can be appreciated when it [is] realised that at present, accordi[ng] to a spokesman of the West Ra[nd] Bantu Administration Board, [it] takes between 10 and 12 days [to] build a home in Soweto using t[he] present concrete block method.

Modular system

Any size or shape

And a spokesman of the Depa[rt]ment of Bantu Administration a[d]ded: "There is a terrific shorta[ge]. Only 7 573 houses were built f[or] Africans in urban areas in fis[cal] 1974. We are still trying to f[ind] out what the backlog is."

Mr Reynolds said the countr[y's] brickyards presently make abo[ut] 3 250-million bricks a year. Es[ti]mates are that they will have to i[n]crease production by 326-milli[on] bricks a year from this year on.

Present demand is about 65 p[er] cent of this production, whi[ch] means that some brickyards, b[ut] not all, can stockpile bricks in a[n]ticipation of what Mr Reynol[ds] calls "the killer demand."

Some cannot afford the capi[tal] that is required to stockpile; oth[er] yards, such as Brickor and Roo[de]poort Brick — which make certa[in] lines of popular bricks — ha[ve] not experienced any fall-off in [de]mand

capital
2 193
3 153
4 30

193

Tile company in Pretoria lays off 95 workers

RDM 4/10/75

Labour Correspondent

A PRETORIA tile company has retrenched 95 workers because of depressed conditions in the building industry and some tile and sanitaryware companies are not replacing staff members that leave.

The managing director of Johnson Tiles, Mr F. van Niekerk, confirmed yesterday that 70 African and 25 White workers had been laid off. This was 10 per cent of the total work force.

"We have not laid them off all at the same time, and we are trying to place the African contract workers with other industries in the area."

He said he did not expect any improvement until after the first quarter in 1976 "We were hoping that normal resignations would cater for the drop in production, but people seem to be holding on to their jobs."

Mr Stephen Ferreira, managing director of Vaal Potteries, said 200 men in his company's Meyerton plant and 100 in East London had been laid off in October last year. No retrenchments were expected.

Mr R. J. B. Bradley, financial director of Shanks, at Elandsfontein, said his company was not recruiting new staff when people resigned, and was not contemplating laying off staff. "We are still trying to rehire trained people," he said

Indications are that many industrial sectors will follow this pattern in the coming months waiting to see how inflation, and devaluation will affect them. This is bound to cause unemployment, particularly of contract workers

Coal firms deny price 'surcharge'

STAR 24/10/75

An allegaion that South African domestic coal prices were boosted to cover colliery development costs for the export trade has been refuted

The denial was issued by Mr S R Baker, the assistant managing director of the Transvaal Coal Owners' Association.

He was replying to a statement by Mr W Barnard, Johannesburg's electrical engineer.

For the past 10 years the city council enjoyed a 50 percent discount. But under its new contract with the TCOA it will pay the normal price

Mr Barnard said there was a chance that a deal with a small Bethal colliery — which did not aim for export — would save the city R50-million over the next 10 years

CONTROLLED

Mr Baker said: "So that there can be no misunderstanding, the TCOA wishes to inform both the public and members of the Johannesburg City Council that "Under its new contract with the municipality, coal is sold at the controlled price determined by the Price Controller, which is a very low price by international standards.

"No surcharge is added to that price to cover costs associated with exports.

"The controlled price is not calculated on a basis of subsidising the cost of coal produced for exports

"The prices for coal in the export market are always higher and generally substantially higher than the prices at which comparable coal is sold in South Africa."

Induna strike threat

Cape Times
(1) 150
(2) 173
9/1/76

Own Correspondent

DURBAN — Nearly 500 Coronation Brick Company workers last night angrily left a meeting with their management and threatened to strike today over the company's refusal to dismiss an unpopular induna.

The meeting had been called after work stoppages at the factory because of the company's continued employment of the induna

Some time ago the man had been involved in a fight with two labourers.

Although until yesterday it was thought the issue had been resolved the matter flared up as a result, it is believed, of a letter of demand written by the induna's attorney to the men involved in the incident

DEMAND

At last night's gathering on the company field, workers from both Coronation Brick's Red Hill compounds angrily demanded the dismissal of the induna.

But the White management was adamant the man would remain with the company in spite of threats from the labourers not to return to work until he had been sacked.

Police were present at last night's meeting but remained inconspicuous.

RDM 4/2/76

(1) 193

RCM 4/2/76

(2, T74

Diamond men cut Blacks out of the trade

By CLIVE EMDON
Labour Correspondent

EIGHT hundred White diamond cutters voted yesterday to keep Blacks out of their exclusive trade

At a meeting held in Johannesburg they rejected a proposed set of rules drawn up by the industry and the State which would allow Blacks into their trade

The Department of Mines wants all gemstones produced locally to be processed in South Africa It has proposed that the industry be extended or a new industry be established for the cutting of small diamonds, and the work done by operators, who in terms of the rules could be Coloureds or Indians

The industry has gone through hard times, with workers being paid out R184 000 in short-time for the loss of 13 700 man-days in the 11 months until September last year

The 900-member SA Diamond Workers Union clearly see the introduction of non-union men, Blacks, as the thin edge of the wedge, with clear signs that the aster Diamond Cutters' Association want operators 'to handle all sizes of diamonds

The union claims it is being held to ransom by the employers' association which will not negotiate a new wage agreement — the last lapsed at the end of 1974 — until the union makes concessions and allows the introduction of non-union Black operators

The proposed rules, though they provide tight protection for White journeymen in the industry, were rejected unanimously by yesterday's meeting of the SA Diamond Workers Union for three main reasons.

- Only people eligible for union membership Whites, should be introduced as operators
- They should only be allowed to cut diamonds up to the size of 0,89 carats in the rough and not 1,79 carats as proposed
- The rules provide for strict limitations on movement of workers from one firm to another. This was totally unacceptable

Addressed by the chairman of the union's executive, Mr Mickey Geffen, and general secretary, Mr Robin Rich, yesterday's meeting was told that the union could not allow operators to do work traditionally done by its members

Sixty per cent of the members worked on rough diamonds in the 0,9 to 1,50 carats range — the area in which the employers wished to introduce operators

Mr Geffen was at pains to say that the union had a policy of non-racialism However the union would not contemplate allowing persons not eligible for union membership into the trade

A speaker called for immediate strike action, and was applauded But the union's executive spelt out that in terms of the Industrial Conciliation Act there was still room for renewed negotiations, and that strike action could only be contemplated when these had finally reached deadlock

The meeting gave its executive council a mandate to renew negotiations with the State and the Master Diamond Cutters' Association.

The council is due to hold a special meeting with Cape Town members this week

(1) 193
(2) 278
(3) 174

21/2/76
STAR.

Diamond workers speak out on labour

Labour Reporter

The Diamond Workers' Union — now faced with an ultimatum to open the door to cheap labour by March 16 — has broken its tradition of public silence to contest allegations of racism.

In a rare newspaper interview, the union's president, Mr Mick Geffen, and its general secretary, Mr Robin Rich, told The Star that

- The union maintain a non-racial policy and had never insisted on remaining exclusively White It was Government policy, enshrined in legislation, which prevented the union from becoming racially mixed
- There was no need for additional labour because the industry had insufficient work Last year R210 000 was paid out in short-time payments for 14 000 work days lost as a result of too little work
- The term "operators" was a misnomer because these men would not be machine minders but would do the same work as union craftsmen
- In time, the operators would become unrecognised craftsmen who would undermine the pay and privileges of union men while themselves being open to exploitation.
- The industry's existing supply of rough diamonds from South Africa would be reduced by 64 percent over the next 10 years, according to a Government estimate.
- There was no need for cheaper labour because the 10 percent discount the industry received on its rough diamonds from South Africa paid the entire wage bill of the cutting and polishing staff

"We have no objection to Coloured, Indian or Black labour provided there is enough work for all, provided they are the rate for the job and provided they become eligible for membership of our union," Mr Geffen said

"If the Government and employers have their way and give stones of up to 1,79 carats to operators, our craftsmen will lose 60 percent of their work," Mr Rich said

"A Cape Town firm with more than 100 White operators has stayed in business since 1966 by processing stones no larger than 0 5 carats

"We are prepared to raise the ceiling for operators to 0 89 carats but we refuse to cut our own throats"

Mr Rich announced that the Master Diamond Cutters' Association has given the union until March 16 to meet its demands or face the calling off of the verbal agreements regulating employment conditions since the expiry of the industrial agreements

SUN. TIMES (Bus Times)
22/2/76

Diamond industry race row goes on

CUTTERS BLAME GOVERNMEN'

WHITE DIAMOND cutters hit back this week to lay the blame for the industry's labour stalemate squarely on the country's race laws and their employers' "greed".

By TONY KOENDERMAN

The Government and the employer organisation, the Master Diamond Cutters' Association, want to introduce Coloured and Indian operators

Without this low-cost labour, they say, it is economically impossible for the industry to expand into the fast-growing market for small diamonds — which could be worth another R65-million to the country

The Diamond Workers' Union says it will only accept this if two conditions are met

- Operators must be eligible for membership of the union,
- Operators should only be allowed to cut diamonds of up to 0,89 carats in the rough instead of 1,79 carats

The first condition effectively bars non-White labour as long as the laws of the land forbid non-Whites from being members of trade unions

"But this is not our fault," says union president Mickey Geffen "We are not objecting to Coloureds and Indians — we are objecting to non-union labour We would welcome them into our union if there was a need for them, if they were allowed to join, and if they were paid the rate for the job "

The reason for the second condition, says Mr Geffen, is that 60 per cent of the 1 200 diamond workers are fully employed on sizes below 1,79 carats

If lower paid non-Whites were allowed to do this work the livelihood of the Whites would be endangered

The employers have offered safeguards to secure conditions of employment, present wage levels and incentive rates

"Since negotiations started, the definition of a small diamond has grown and grown," says Mr Geffen "The employers see the introduction of non-White labour as a way to increase their profits The more work they can give to non-Whites, the better they like it "

The employers have offered safeguards to secure conditions of employment, present wage levels and incentive rates

But they cannot guarantee a minimum volume of work to the cutters Earnings above the basic wage are related to the quantity of work done, so if White cutters lose some work to Coloureds and Indians, their earnings will suffer

The general secretary of the union, Robin Rich, says workers are already threatened by the long-term decline in diamond production in this country

"The commission inquiry into the industry predicted a 64 per cent drop in production by 1985," he said "Half the diamond workers are under 30, and in a highly specialised industry such as this it will not be easy for them to find other work "

The slump, which the industry is just beginning to pull out of, cost the union short-time fund R200 000 last year to compensate the men for the loss of 4 000 working days

Mr Geffen says the higher cost of South African White labour should be more than compensated for by the rebate of the 10 per cent duty levied on exported rough diamonds

"This gives the local master cutters quite an advantage over anybody else in the world," he said "It was worth R4-million to them in 1970 and R9-million in 1974

"The cost per carat was R70 in 1970, but rose to R150 in 1974, so the labour cost as a percentage of the cost of a finished diamond has fallen substantially

"The 10 per cent rebate that the master cutters receive pays the wages of the men in the industry So the argument that they must cut wages in order to compete overseas is a lot of nonsense "

Rough diamond exports in 1974 were worth R199-million (excluding industrial diamonds) If these were processed locally, it is estimated they would earn another R65-million in added value for the industry

F M 4/- 7, ?

That Minister of Mines Fanie Botha has given the (White) Diamond Workers Union and the Master Diamond Cutters Association until April 30 to reach a compromise in their dispute over the introduction of cheaper labour into the industry (*IM*, March 5)?

While neither side is willing to disclose details of their meeting with Botha, the *IM* understands that no negotiations between the two parties are presently taking place

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193

Business Mail

RDM 13/4/76

Anglo-Alpha closes plant

Industrial Editor

ANGLO-ALPHA Cement is closing one of its oldest cement factories — situated at Hennenman in the Free State — because increasing production costs have turned it into a marginal operation

The plant, which was commissioned in 1937 produces 100 000 t of cement annually — about 5 per cent of Anglo-Alpha's output

A notice from the company assures customers that they will not be affected by the closure The company has capacity to spare, which will be added to when extensions to its Dudfield factory in the Western Transvaal is commissioned next year

Mr D R Baker, executive director of Anglo-Alpha, said yesterday that the Hennenman factory was experiencing fixed costs of up to 60 per cent of the total production cost of production

By comparison, fixed costs at the Dudfield factory, which should be producing 2-million tons a year in 1977, amounted to about 10 per cent of total cost

The closure at Hennenman should bring about an improvement in cash flows for Anglo-Alpha, while further benefits could accrue through the realisation of the factory's assets

With total cement production in South Africa about 7-million t, of which 1 250 000 t is produced by plant more than 20 years old, it is possible that the Hennenman exercise may be followed up elsewhere

(5) 193

DIAMOND WORKERS
On the brink

F.M. 23/4/76

The diamond cutting industry is teetering on the brink of confrontation. Unless a final meeting of its Industrial Council can secure a compromise, only a decision to appoint a mediator or to refer the matter to arbitration can prevent the dispute between the Master Diamond Cutters' Association and the Diamond Workers' Union over the introduction of cheap labour into the industry (*FM* March 5) ending in a strike or lock-out.

The issue came to a head on April 7, when a dispute was formally declared. The Union claims that the dispute was declared unilaterally by the Association, although Sandy Davidson, secretary of the Association, denies this, claiming that the dispute was declared jointly.

Once a dispute has been declared, the parties must resolve their differences

within 30 days. Three meetings of the Council must be held towards this end; Robin Rich, general secretary of the Union, told the *FM* that the first two discussions had ended in deadlock

"The Association has made its final demands and they are still unacceptable to us. This means that on May 6 they are entitled to lock us out of the factory On the other hand, we are then entitled to hold a strike ballot "

The third and final meeting was due to be held as the *FM* went to Press The likelihood of an agreement being reached seems remote. Unless Minister of Mines Fanie Botha appoints a mediator himself, only a joint decision to submit to arbitration can head off a costly clash.

Even the appointment of a mediator would be a temporary solution, however, as he would have no power to dictate a solution.

With the Diamond Cutters' Association insisting on its need for cheaper labour and the Union equally determined not to endanger its members' job security, the odds on a clash seem ominously high

1 193
2 219
3 149

Strike looms on cutting

STAR 24/4/76

Mr S P Botha — the last hope.

Labour Reporter

Deadlock over the introduction of cheap labour in the diamond-cutting industry is now complete — and a strike ballot is to be taken in Johannesburg next week.

Only the Minister of Mines and Labour, Mr S P Botha, now seems able to avert a strike or lock-out through direct intervention

"All the legal formalities leading up to a strike have been completed," said Mr Sandy Davidson, secretary of the Master Diamond Cutters' Association

"It is now a matter of seeing what the Minister is going to do at the end of this month having given us and the trade union until then to reach agreement"

Mr Robin Rich, general secretary of the Diamond Workers' Union, confirmed that the two sides failed to reach agreement at the third and last meeting of their industrial council in Johannesburg this week.

He has called a general meeting of his Johannesburg branch for next Thursday and is arranging similar meetings for the other branches to take a strike ballot

"If the majority of the 900 members votes for a strike, there is nothing more to prevent one after that," he said. "There is also the possibility of a lock-out — the employers' counterpart of a strike"

Mr Rich said the union was prepared to permit unskilled workers of any race or sex to enter the industry subject to:

- Permanent demarcation in terms of legislation limiting unskilled workers to stones no larger than 0,89 carats.
- Approval by the union's general membership.
- Control of the undertaking by the industrial council
- Permanent entrenchment of fringe benefits of all existing workers.
- The conclusion of industrial agreements between the two parties.

He said the employers wanted the limit to be set at 1,40 carats

"But that would reduce our already reduced supply of work by about half," Mr Rich said

The final showdown between employers and workers over the introduction of cheap labour in the diamond industry loomed closer today as the Diamond Workers' Union held a mass meeting and strike ballot in Johannesburg.

STAR

Cutters leave union

29/4/76.

(1) ~~134~~
(2) ~~150~~
(3) ~~174~~
(4) 193

Labour Reporter

Most of the craftsmen of one large diamond-cutting firm in Johannesburg were reported to have resigned from the Diamond Workers' Union as strike fever gripped the industry today

Threats of violence were alleged to have been directed at the estimated 45 workers from the Gustave Katz Diamond Cutting Works.

STRIKE BALLOT

News of the development came as more than 500 of the 850 diamond workers in Johannesburg left a general meeting which lasted about four hours and ended in a strike ballot

As the meeting ended, union executives stayed behind in a reported effort to persuade the resigned members to withdraw their resignations

Before they met behind closed doors, the president of the union, Mr Mick Geffin, summed up the feelings of his members by saying

"I have no doubt we shall get an overwhelming majority vote in favour of strike action"

(1) 134
(2) 150
(3) 174
(4) 193

Showdown looms for diamond men

30/4/76

Labour Reporter

All eyes are on the Minister of Mines and Labour, Mr S P Botha, as both the Diamond Workers' Union and the Master Diamond Cutters' Association prepare for the showdown.

The union's strike ballot in Johannesburg was an "overwhelming show of strength" with only 47 out of about 650 votes cast against strike action those of 45 possible dis-

The votes included senters who were persuaded to withdraw their resignation from the union after the ballot

"BACK" TO WALL

"We have our backs to the wall and are prepared to fight for our livelihood," said Mr Robin Rich, general secretary of the union

"But we don't want to strike," he added

Mr Sandy Davidson, secretary of the Master Diamond Cutters' Association (the employers), said "We're not rocking boats"

In interviews with both sides it became clear that the Government played a major role in the confron tation by pressing for local processing of small stones which previously left the country in an unfinished state

The Department of Mines proposed that stones of up to 1,79 carats should be processed by cheap labour The limit has since been lowered to 1,4 carats, but that still means that the existing work force will lose half of its work, according to the union

Mr Robin Rich, general secretary of the union, said today the union's limit of 0,89 carats for cheap labour made adequate provision for all small stones to be processed locally

"Neither the Government nor the country gains anything by raising that limit Only the employers will gain from that," Mr Rich said

1-134
2-144
3-136
4-126
5 193

Diamond workers are 'out' from Monday

Mercury Correspondent

JOHANNESBURG — The [illegible]-member South African Diamond Workers' Union declared last night that none of its members would be at work as from Monday because of a "lock-out" by employers.

The union's general secretary, Mr Robin Rich, said the "lock-out" existed because the industrial agreement with employers had ceased yesterday.

"Our members decline to work under conditions in which employers can dictate any terms and may very well bring in unskilled Black labour," he said.

Mr. Rich added, however, that his union was prepared to open new negotiations.

He said the Minister of Labour, Mr. S. P. Botha, had appointed a mediator. "But the mediator will only be available on May 24, and we are not prepared to extend the 30-day period just ended for formal negotiations."

Earlier in the day, the secretary of the Master Diamond Cutters' Association, Mr. Sandy Davidson, said his association was doing nothing to "rock the boat" and would work with the mediator to seek a solution.

(1) ~~174~~
(2) 134
(3) ~~150~~
(4) 193

Top diamond union man threatened

The general secretary of the Diamond Workers' Union, Mr Bobin Rich, has been threatened with his life by an anonymous telephone caller.

This follows a similar telephone threat last week against diamond worker Mr Louis du Toit (48) who had a heart attack soon afterwards

Mr Rich received the call yesterday soon after about 700 diamond cutters had decided to remain out in their dispute with employers over a signed wages and working conditions agreement

'A man called up and threatened to shoot me," said Mr Rich "I have taken it in my stride and have not mentioned it to the police I don't worry about it.'

Mr du Toit, a licensee at a Johannesburg diamond cutting works who is not a member of the Diamond Workers Union, was taken to hospital and remained in the intensive care unit for four days

He is expected to stay in hospital for about six weeks, his employer, Mr Manny Juden said today

According to colleagues, Mr du Toit received the call last Monday, which was later reported to the police

They believe the anxiety caused by the call may have brought on the heart attack

"As a non-union member he was entitled to work,' said Mr Juden

At present no members of the DWU are being paid strike pay The only drain on union funds is a R5 a day allowance to picketers

Diamond men call for State action

23/5/76

S TIMES.

THE DIAMOND Workers' Union is to ask the Government to smash the entrenched position of the Master Diamond Cutters' Association in the industry through a change in the law.

We're nothing but serfs, says Geffin

By TONY KOENDERMAN

"We want the Diamond Cutting Act changed or scrapped so as to allow individual diamond cutters to buy and process diamonds on their own account," union president Mickey Geffin said this week

This is the union's answer to what it sees as a campaign by the employers to break the union

"We're even considering the possibility of the union using its own funds to set up and equip a factory so that it can hire out cutting benches and equipment to union members," Mr Geffin said

"We don't want to become employers or to compete with the master cutters We simply want to guarantee our members the right to earn a living

"At present we operate in a feudal system in which we are nothing but serfs "

Mediator

Meanwhile, talks open tomorrow under a Government-appointed mediator in a bid to end the bitter labour dispute which has brought the industry to a virtual standstill

The clash hinges on the definition of a small diamond

The employers want to introduce Coloured and Indian operators into the industry to cut and polish small diamonds, which it cannot economically use high-priced White labour to do.

Official statistics suggest that the absence of a "smalls" industry in South Africa is costing the country some R65-million a year

But the employers define a small diamond as being up to 1,79 carats in the rough — and the union says that 60 per cent of its 900 members are already employed full-time cutting diamonds smaller than this

The union, anxious to protect the livelihood of its members, will go along with the employers' intentions only if they reduce the cut-off point in the definition of a small diamond to 0,89 carats

Now, says Mr Geffin, the union is prepared to go further "We will train any non-White labour the employers want to introduce — but we won't budge on the size of the diamonds."

Union members downed tools early this month when the master cutters said that the status quo — the continued application of working conditions and pay scales under a previously expired labour agreement — would cease

Return

They refuse to return to work unless they get a new gazetted agreement — even for a short period of two months. But the employers have not acceded to this

Some 300 non-union workers are still turning up at diamond cutting factories, however

What upsets the union is that there is no alternative avenue of employment for its members.

"An out-of-work motor mechanic could always get by doing some private work in his back yard," says Mr Geffin. "But diamond workers can't do that

"That's why we want the Diamond Cutting Act changed If a man has the necessary capital to buy 50 carats or so, he must be allowed to do so "

(1 134
(2 149
(3 193

~~(1) 134~~
~~(2) 149~~
~~(3) 150~~
(4) 193

F. M 4/6/76

Diamond Workers' leader Robin Rich . . . tied to the workbenches

DIAMOND DISPUTE

No end in sight

As the work stoppage in the diamond industry enters its fourth week, the possibility of a settlement seems remote — despite the intervention of mediator Hugh Tindale The stoppage seems destined to continue until one side capitulates or government intervenes

As we went to Press, the Master Diamond Cutters' Association was considering Diamond Workers' Union demands for long-term job protection The union has made a return to work conditional on employers' accepting a 10-year agreement guaranteeing the jobs of union members against encroachment by unskilled cheap labour

The union has previously requested similar assurances, but only over five years As the Association has always rejected these, it is unlikely to accept a 10-year agreement Even if some compromise is reached on this issue, the basic issue of the level at which unskilled labour is to be introduced would remain unresolved

Government has told the industry that it wants all sizes of diamonds cut and polished in SA, thus necessitating the introduction of a "smalls" industry. The Association replies that this cannot be done without introducing unskilled cheap Black labour to process diamonds weighing up to 1,79 carats. The union has agreed to train the new labour itself, but will not allow it to process stones over 0,89 carats The issue remains deadlocked

The Union is now contemplating a deputation to Minister of Mines Fanie Botha to ask him to allow union members to buy up stones and process them themselves They claim that the Diamond Cutting Act, which prohibits the processing of diamonds outside the premises of a master diamond cutter, has "tied us to our workbenches"

The dispute may, however, be settled by Botha in a totally different way He is believed to be considering legislation whereby government would itself set the demarcation line at 1,39 carats, half-way between the Association and Union demands Whether the employers would accept this is unknown The Union, certainly, is pledged to bitterly oppose any such move

The union claims that no members are presently at work

193

SLUMP HITS PRODUCTION OF BRICKS

4/8/76. Financial Editor NM

COROBRIK, previously Coronation Industrials, the Natal building-materials group, has announced that it is to close a section of its factory at Briardene due to the current low level of activity in the building industry.

Mr Dick Kemp, managing director of the group, said yesterday that the section would be closed in phases About 150 men will be redeployed

"This will give us time to minimise the impact of the closure We can transfer men to fill vacancies in our other Durban factories"

The group has seven companies and 20 factories It has been reported that their stockpile of bricks now amounts to about 100 million.

Mr Kemp said that Briardene was the group's oldest factory. Its closure had been under review since the opening of Corobrik's new face brick factory at Avoca in 1972.

Although the better quality face brick shales had been largely worked out at the Briardene quarry, the demand for blue and bronze face bricks had delayed the factory's closure

"These products will now be manufactured at the Pietermaritzburg factory."

Mr. Kemp added that Corobrik's calcium silicate factory at Coedmore would commence operations later this year.

(1) 61
(2) 93
~~(3) 152~~

27 factory demos held

PD 24/9/76

SPRINGS — A total of 27 placard-bearing demonstrators at a factory here who urged workers not to go to work were arrested yesterday

About 100 men picketed outside Armour Plate Safety Glass after having been fired two weeks ago for staging an illegal strike

They had gone on strike after the management introduced a four-day week and dismissed three workers The Workers' committee tried to get the men reinstated and gave the management and the Department of Labour 30 days notice of their intention to strike

Brig J Wiese of the East Rand police headquarters said last night the 27 men were detained for questioning — DDC.

193
Manufacturing
Non-Metallic
Mineral
Products

Mineral exports top R1000m

7/2/77
RDM

The value of South Africa's main industrial mineral exports shot above the R1 000m in 1976 to register a 50 percent increase on that for 1975, according to cumulative figures issued by the Department of Mines

Of the total of R1 122m, the biggest contribution came of sales of "miscellaneous minerals" which embraces platinum group metals and uranium. This totalled close on R449m, being R78m higher Platinum sales were good in the earlier part of the year but tailed off later, but the decline was more than offset by the sharp improvement in spot uranium sales, notably in the third quarter

Second biggest money spinner was copper, despite weaknesses in the LME price, with a value of R113m against R89m in 1975 Asbestos also did well with earnings up from R85,4m to R107,6m Manganese sales were strong, registering an increase of R83m to R108,5m Chrome earnings were up R8,3m to R36,8m and those of nickel improved by R14m to R67,8m Vanadium brought in R50,3m against R37,4m

Iron ore exports showed a gain of R3,6m at R22,2m but shipments through Saldanha Bay still appear to be on the slow side On the other hand, the movement of bituminous coal through Richards Bay is mounting with value of exports rising by R55,3m to R73,6m

Anthracite also did better to realise R30,4m compared with R16,6m The value of antimony oxide and ore sales improved by R4,2m to R23,1m and zinc realised R13,1m against R8,7m

(1) 161 (4) 193
(2) 139
(3) 152

Fin Mail 12/11/76

ARMOURPLATE STRIKE

Unanswered questions

The Armourplate strike — the longest by Africans in South African labour history — ended last week. But its repercussions continue.

In a statement issued this week, the (African) Glass and Allied Workers Union charges the firm with allowing "a comparatively small issue to blow up into one of major proportions".

The union charges Armourplate with constantly ignoring the wishes of its work force by not consulting its works committee on the retrenchments which sparked off the dispute, and of consistently refusing negotiation — both before and during the strike. It also says the firm attempted to intimidate worker representatives. On the morning of the strike, the union says, works committee chairman Ephraim Mabena went to the office of Armourplate's factory manager to attempt to resolve the issue. There he was confronted with both the manager and "three strangers", all of whom kept revolvers on the table in front of them throughout the meeting.

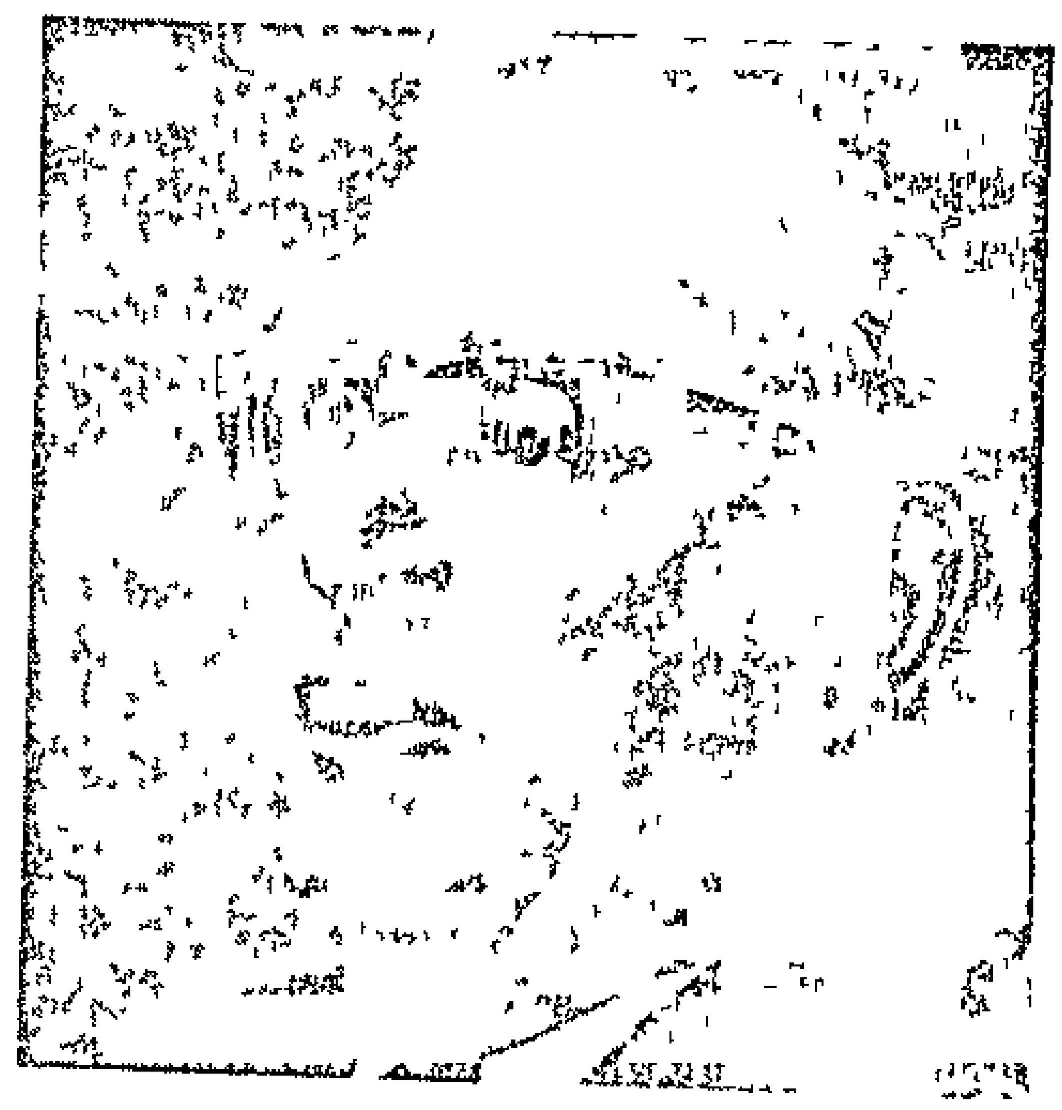
The union says numerous attempts by both it and the works committee to negotiate with management in order to get the strikers back to work were ignored. The union also asked Institute of Industrial Relations director Sam van Coller to mediate. Despite van Coller's standing with management (he is an Anglo American labour man), the firm ignored this attempt, too.

Armourplate chairman John Breakspear dismisses the union's allegations as "untrue and unworthy of further comment." He tells the *FM*, however, that "in my view this was not an industrial dispute but a political manoeuvre. The retrenchment of the three men was fully discussed by the company with the works committee. The Department of Labour also had discussions with the committee but were unable to reach a settlement.

"At no time during the dispute did the company intimidate the workers' representatives, nor has there been any intimidation of the workers who returned."

The strike ended last Monday, after van Coller's attempt to secure a settlement failed. The workers decided not to seek re-employment with Armourplate because they fear union members will be victimised — as evidently happened to a few men who earlier did return to the factory. They also fear that the more skilled workers will be used to train new recruits and then be dismissed.

The union claims the strike had a serious effect on production. Armourplate was forced to rely on an African labour force of 30-40 for the first four weeks of the strike and 50-60 thereafter. It also says it has had unconfirmed reports from workers that mistakes by untrained workers on the production line during the strike caused Armourplate to incur a penalty on a contract with a firm of railway carriage workers, and that glass delivered to the factory by the nearby Pilkington's plant piled up because no-one was able to work it.



Breakspear — jobs on a selective basis

The statement points out that Breakspear was quoted in one paper as offering strikers their jobs back "on a selective basis" and in another as saying that the company had cut its work force down from 200 to 113 because of the recession.

The union also comments on the conviction of picketeers under the Riotous Assemblies Act. "The right to strike is a mockery without the right to conduct a lawful picket", says the union.

Strikers were also interrogated by the Security Police. One was asked who had caused them to strike and replied "Mr Fitzhenry" (the factory manager).

F/M MAIL 6/5/77

193

FIBREGLASS

Cold comfort

Ever-shortening production runs and rising power rates, among other basic costs, look like earning glass fibre the respectability it still struggles to achieve on vehicle production lines and in other metal processing workshops

High on the expenses list of any new mass production venture is the cost of tooling up. Now, according to Springs-based Fibreglass market development manager Alex Pears, low volume converters can cut layout on presses by up to 97% if they'll switch from steel to the already widely used glass reinforced polyster (GRP) and cold pressure methods

"Some heavy-duty presses have to turn out 100 000 items before amortising the investment. The shorter the run the higher the unit cost," says Pears

So far Port Elizabeth's Rilite Components and Cape Town's Emmailitt company have franchises for the UK Express Plastics' method of cold moulding parts which — if you're not in a hurry — greatly outprice comparable steel components on runs of up to 70 000

Pears admits that what's in it for him (and Fibreglass) is a bigger GRP sale, if converters can be wooed away from steel, but he has some solid statistics based on UK experience to back up his promotional exercise. The cost equation has many parts but basically, it shows that though sheet steel is only 25% the price of GRP (R300/t against R1 200/t) turning it into components is, because of expensive tooling and higher power needs, much more costly

Cold pressing, says Pears, is ideal for runs around the 3 000 mark where tooling costs compared with steel are negligible

For example, laying down a line to make van rear doors in steel would cost according to the *New Scientist* (October 1975), R300 000. Tooling up for a comparable GRP door only R5 250

In an era of tight inventories Pears says it still makes economic sense to spend much less on low volume tooling even though the GRP dies are worthless after only 5 000 pressings. With still cheap metal tooling this can be stretched to 20 000. Another advantage he points out is the lead time: weeks instead of months

In the same GRP stable are high pressure moulding (1 000 lb psi — 7 000 kPa — at around 120 C) and low pressure (about 35lb psi — 240 kPa — at 60 C) which both beat steel on tooling costs at up to 30 000 units

By far the cheapest tooling costs are for cold pressure — estimated at less than 3% of those for setting up a steel line — but production even on runs of a few hundred is painfully slow. So slow that steel truck cabs can be punched out 75 times faster than GRP equivalents

Even so Pears is optimistic that fibreglass can oust steel on complex shaped components in small production runs and at the same time let small companies who cannot afford costly tooling into new markets for components

(193) FM 7/10/77

PRIMROSE INDUSTRIAL

Buy for recovery

Activities: *Largest brick producer in the Transvaal Also has interests in Western Cape Split off from Abercom in 1973*

Chairman: *D A Lurie, deputy chairman D J Geyser*

Capital structure: *10,7m ordinaries of 10c Market capitalisation R9,7m*

Financial: *Year to June 30 1977 Borrowings long and medium term, R12,3m, net short term, R4,6m. Debt equity ratio 53% Current ratio 1,3 Net cash flow R2,4m Capital commitments R274 000*

Share market: *Price 95c (1976-77 high, 250c, low, 83c, trading volume last quarter, 523 000 shares) Yields, 14,4% on earnings; 11,1% on dividend Cover 1,3 PE ratio 6,9*

	'74	'75	'76	'77
Return on cap %	21 1	16,5	17 6	6 9
Turnover (Rm)	22 5	29,7	32 2	38 5
Pre-tax profit (Rm)	5 0	6 3	7,0	2 0
Gross margin %	24	24	22	11
Earnings (c)	39 8	50 1	53 1	13 7
Dividends (c)	14	19	24	10 5
Net asset value (c)	158	271	320	320

After the sickening decline from above 200c, the share price is stabilising above 90c The important question is whether the fall has been arrested and if Primrose can be accumulated as a recovery stock

First, let's look at earnings

Sales of R32,2m produced only R2m of pre-tax profit, virtually all of which was earned in the first half Yet second half turnover of R15,9m was only marginally lower than the first half of R16,3m Sales fell away particularly badly in the last three months, to a level of 30m brick units a month The delay in adjusting production to this lower level resulted in a number of one-off expenses and stock write-downs, particularly in the stock brick and clay pipe sectors

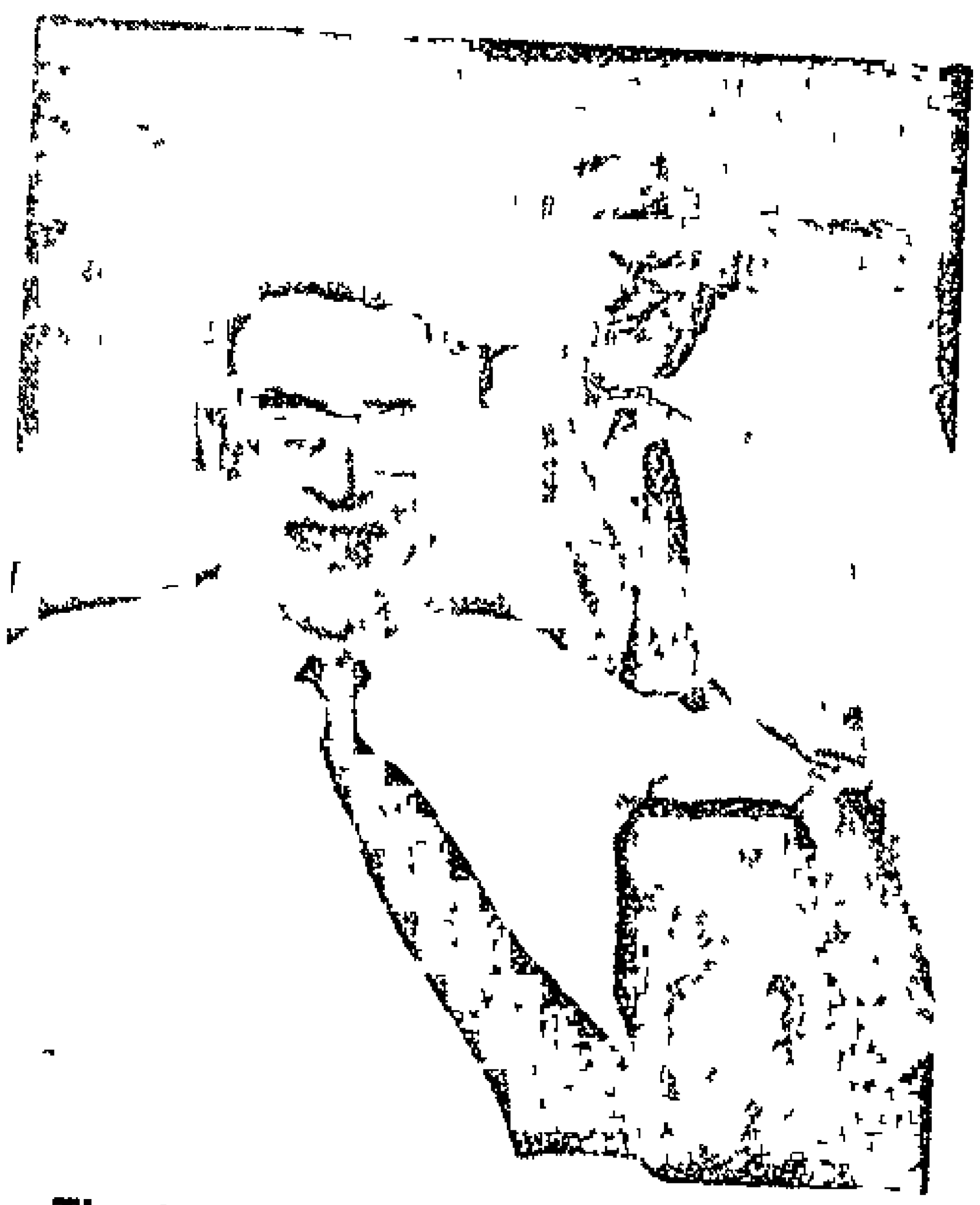
The 30m brick units per month (40% of capacity) off take is currently holding, "albeit shakily" At this level, the group should be able to make R2m pre-tax This is most encouraging news

Also encouraging is that the negative cash flow has now been staunched, and that from April, a positive cash flow was achieved as stockpiles started to run down For the first two months of the current financial year (July and August), the positive cash flow has been running at around R200 000 a month Brickmaking, being an extractive industry, is in many ways similar to mining Production, and thus direct costs, can be fairly quickly adjusted to changing demand

Tax losses and investment allowances should allow for R5m of future profits before moving into tax So for the next two years or so, profit will be gross for net If the current level of demand holds, and David Lurie has not again erred on the side of optimism in predicting a R2m profit at this level, then the worst fears, of a no dividend situation, can be discarded So there could be 5c to 10c of dividend to sweeten holding the shares through the depressed period

But yields are by no means the sole determinant of value The expansion of the past few years has created capacity, most of it modern, of 75m brick units per month, 2,5 times current utilisation. Net assets are R32m without valuing the clay reserves against a market value of R10m. This descrepancy is bound to whet the appetites of corporate raiders

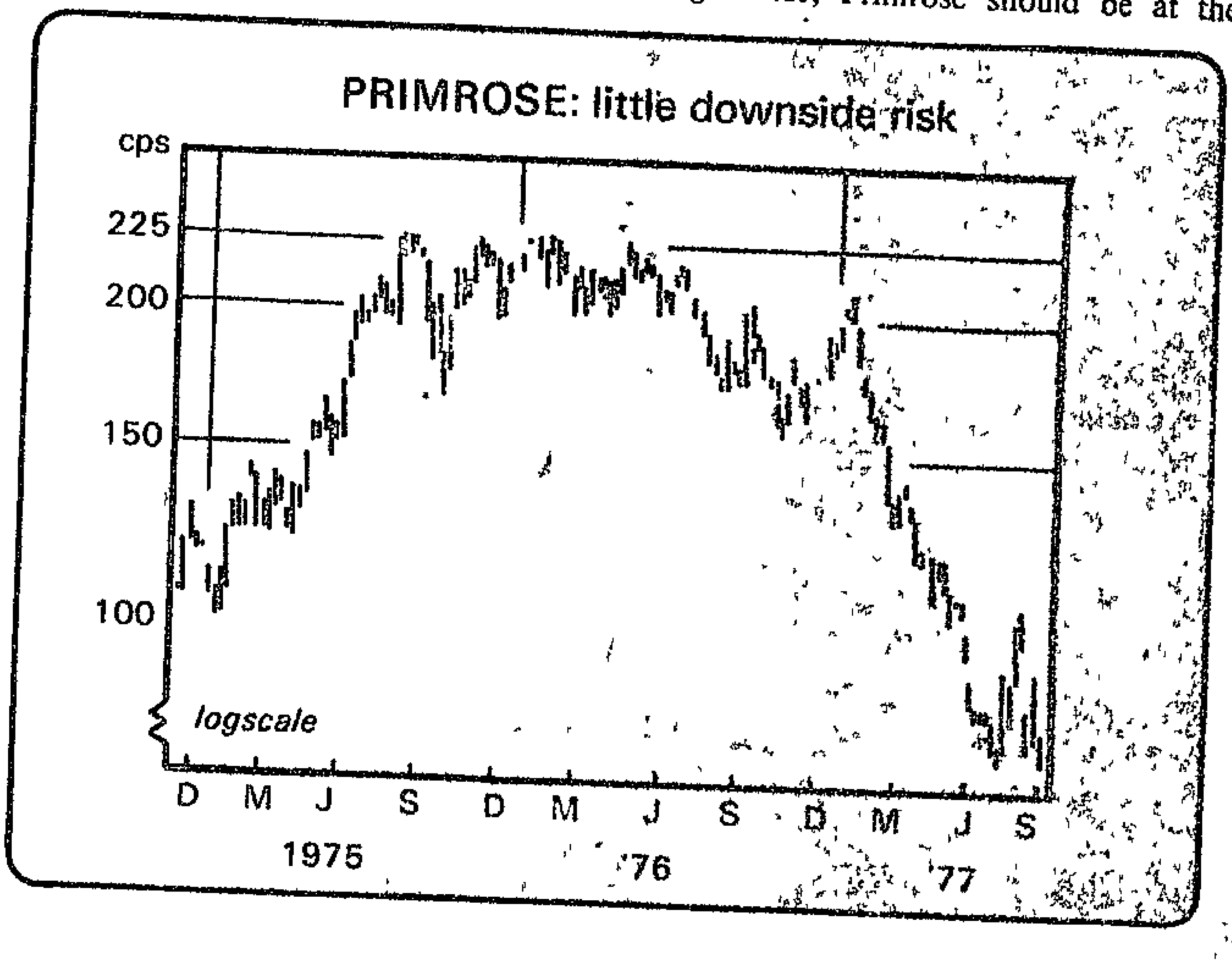
Against that, there is the gearing to consider The debt equity ratio has risen from 31% to 53% over the year, due to the negative operational cash flow for most of the year plus R5m spent on plant and equipment to complete the expansion programme. Liquidity also suffered, with the current ratio down from 1,67 to 1,30 and the quick ratio down from 1,16 to 0,64 But with a positive cash flow, taking into account the scheduling of loan repayments restored, and with low future capex requirements, this should not cause too much concern.



The two Davids . reversing the cash drain

The results of the past year simply reiterate the cyclical nature of the industry, and that the best that can be expected of management is to tune production to demand. But from the investment viewpoint, there is a vital new factor to consider No longer is there a control situation from which to ward off unsolicited bids This was dismantled when Wit Brick, Brickor and Primrose went into Abercom in 1972

The prospect of a bid is very real and should underpin the share price. Bricks, after all are a strategic industry, and given government's commitment to commence economic stimulation in the building sector, Primrose should be at the



(193)

EMBARGO: 11h00 ON
FRIDAY 21 OCTOBER 1977.

ADDRESS BY THE HONOURABLE CHRIS HEUNIS, MINISTER OF ECONOMIC AFFAIRS, ON THE OCCASION OF THE OFFICIAL OPENING OF THE FLOAT GLASS PLANT AT SPRINGS ON 21 OCTOBER 1977

I appreciate the opportunity of addressing you on the occasion of the formal opening of the plant for the production of float glass.

Your company has been active in this country even before 1935 when it started to produce safety glass in Port Elizabeth. It commenced producing flat glass at Springs in 1951 when the annual output was some 30 000 tons. The second manufacturing

2/.....

unit which was started here in 1965 increased the capacity of the plant by 60 000 tons. The new float glass plant more than doubles the production capacity of the company which is at present 215 000 tons. This represents a seven fold increase in capacity since its commencement a quarter of a century ago at Springs. During the early sixties it also started producing high voltage toughened glass insulators which today is an important strategic product.

3/....

This new vacility represents an investment of about R46 million and the whole complex for the production of sheet glass and glass insulators stands at a book value of about R56 million. The industry provides work for some 1 300 workers of which more than half is skilled or semi-skilled and the remaining half is unskilled. The main raw materials used for the production of this type of glass, as in fact, is the case with other glass manufacturing operations, are silica and soda-ash. The former is a local mineral of which the country

has extremely abundant reserves, but soda-ash is still imported to the full extent of the country's needs. Another feature of the industry is that it is a high energy user, mainly electricity and SASOL gas, for the smelting and fusing process. It would save the country foreign exchange expenditure of some R12 million per annum on imported float glass.

The production of sheet glass in this country was no doubt encouraged by the fact that the product is fragile and the transport costs are high. Furthermore, at least one important raw material is obtainable at close range. Of course there are offsetting disadvantages. One of the readily recognisable disadvantages is the high cost of outward transport by rail or road to the distant markets along the coast which could be more cheaply supplied, from a transport point of view, by strategically better placed foreign producers. Judging from the limited extent of the tariff protection which the industry required over the years it has, on balance, no important competitive disadvantages. Industries in this fortunate position are of particular

value to the country and for that reason I sincerely welcome the erection of this large modern plant.

As is well known the new plant incorporates the float process of production of flat glass. Up till now flat glass has been produced in South Africa by a process of vertical dra[illegible]. The latter process is satisfactory only for flat glass for certain purposes namely for uses where glass of perfect flatness is not a critical requirement such as for motor car windshields, mirrors, shopfronts and large windows of prestige buildings.

Before the advent of the float process towards the early sixties flat glass produced by the vertical drawing method had to be subjected to costly processes of grinding and polishing to ensure perfectly flat surfaces for the uses which I have mentioned. Grinding and polishing of glass were never under= taken in South Africa with the result that a substantial proportion of our flat glass requirements had to be imported up till now.

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The new plant has been built sufficiently large to reap the benefits of economies of size. It has, however, come into operation at a time when the local market which in normal circumstances is barely sufficient to permit full utilisation of the plant capacity of this complex is at a very low ebb. We all know that the recession has affected detrimentally the demand for most industrial products but it should be remembered that the industries which are the main users of flat glass, namely the building industry and motor vehicles manufacturing, have been

9/......

particularly hard hit bv the recession. Consequently the local demand for the products of this plant is at a very low level, a factor which could have a serious impact on the cost of production of the plant. This is all the more serious because the plant is a very capital intensive one. I believe the position would be substantially alleviated by a successful export drive. The plant could therefore also, at least for the time being, make a worthwhile contribution to our foreign exchange earnings.

10/.....

As I have mentioned earlier the production of flat glass according to the float process is an innovation of fairly recent origin. The process was developed by Pilkington's of Great Britian after many years of costly research and development and is placing that firm in a unique competitive position vis-a-vis other competitors world-wide. I believe the person who was the leader of the team who invented this process is Sir Alistair Pilkington himself.

11/.....

Ek noem die aspek van navorsing en ontwikkeling spesifiek omdat ek graag een-en-ander daaroor wil sê. Dit is 'n belangrike onderwerp as 'n mens in ag neem dat daardie lande wat die meeste aan navorsing en ontwikkeling bestee op nywerheids- en tegnologiese gebied vêr voor die res van die wêreld is. Die rede waarom so baie lande in die mededingende stryd agterbly is trouens die gebrek aan tegnologiese vermoëns.

Dit is skaars nodig om te noem welke groot kommersiële voordeel daar vir die partikuliere onderneming te haal is uit 'n

12/......

deurbraak op tegnologiese gebied met proses- of produkverbetering, nuwe aanwendings van bestaande prosesse en produkte en die ont= wikkeling van geheel nuwe produkte. Sulke ontwikkelings, wat meestal beskerm kan word deur wetlike verskansing van patentregte, stel wêreldmarkte oop vir die produk self en vir die bemarking van patentregte. Dikwels kan sulke produkte en patentregte 'n netto opbrengs lewer wat 'n veelvoud is van die koste van navorsing en ontwikkeling wat daarmee gepaard gegaan het. Deurlopende navor= sing en ontwikkeling ontsluit ook kennis wat in baie gevalle

13/.......

verdere deurbrake soveel goedkoper maak.

Dit is 'n staande praktyk vir plaaslike fabrikante om liewer tegnologiese vermoëns uit die buiteland aan te koop as om self navorsings- en ontwikkelingswerk te doen. Benewens die betreklike hoë koste van lisensie-ooreenkomste met die patent=houers wat die mededingende vermoë van die lisensieverkryger nadelig beïnvloed, word daar meestal deur die lisensiegewer beperkings geplaas op die volle benutting van die patentregte, veral ten opsigte van uitvoere. 'n Instansie wat staatmaak op

14/........

sulke lisensie-ooreenkomste kan gewoonlik nie daarmee veel meer bereik as om sy relatiewe konkurrerende posisie te probeer handhaaf nie. Die jaarlikse uitvloei van buitelandse valuta vir hierdie doel is baie aansienlik, en dus behoort 'n lisensie-ooreenkoms verkieslik net as 'n tussentydse reëling aangegaan te word, en gepaard gaan met navorsing en ontwikkeling om 'n eie tegnologie te verwerf.

Die Organisasie vir Ekonomiese Samewerking en Ontwikkeling, kortweg genoem OESO klassifiseer lande ten opsigte van navorsing

15/.....

en ontwikkeling in drie kategorieë ooreenkomstig die relatiewe hoeveelhede hulpbronne wat aan Navorsing en Ontwikkeling bestee word naamlik die wat hoogs N/O-intensief is (1,6 tot 2,6 persent van BNP), dié wat N/O-intensief is (o,6 tot 1,5 persent van BNP) en ander (wat minder as 0,6 persent van BNP vir hierdie doel bestee.)

Volgens 'n opname deur die WNNR het die Republiek se beste= ding op Navorsing en Ontwikkeling as persentasie van die BNP sedert 1966/67 geleidelik gestyg van 0,43 na 0,61 persent

16/.....

gedurende 1975/76. Volgens die OESO-indeling het Suid-Afrika dus nou die punt bereik waar hy volgens die betrokke maatstaf kwalifiseer vir insluiting by die middelgroep naamlik die lande wat Navorsing- en Ontwikkeling-intensief is. Dit sal egter opge= merk word dat Suid-Afrika nog baie naby die laagste grens van selfs daardie kategorie is. Volgens 'n indeling van lande ooreen= komstig die verhouding van die Navorsing- en Ontwikkeling-mannekrag tot die totale werkerskorps is Suid-Afrika trouens nog deel van die laagste groep: in 1975/76 het Suid-Afrika slegs

17/.......

1,2 per duisend van die totale werkerskorps op Navorsing en Ontwikkeling toegespits gehad, terwyl die laagste kategorie lande van die OESO-indeling minus 2,7 is. Die veel laer aanwending van mannekrag aan Navorsing en Ontwikkeling in Suid-Afrika in verhouding tot die fondsebesteding kan verskillende verklarings hê, maar hoef in elk geval nie nou hier ontleed te word nie.

Die Staat maak 'n groot bydrae tot Navorsing en Ontwikkeling in die Republiek eerstens deur die daarstelling van navorsingsliggame soos die WNNR en die institute wat onder hom ressorteer,

18/.....

die Raad op Atoomkrag, die BNI, die Departement van Landbou-tegniese Dienste en die Tak Seevisserye van die Departement van Nywerheidswese. Die totale besteding van alle internverrigte wetenskaplike aktiwiteite deur die Suid-Afrikaanse owerheidsektor het in 1975/76 R127,8 miljoen beloop, met 'n gemiddelde jaarlikse toename van 17,8 persent sedert 1973/74. Die instansies wat die grootste deel van die totale bedrag bestee het was die WNNR met R41,0 miljoen, die Departement van Landbou-tegniese Dienste met R38,4 miljoen en die Raad op Atoomkrag met R18,2 miljoen.

19/.....

Die totale besteding van die sakesektor het in 1975/76 slegs R42,6 miljoen beloop. Van hierdie bedrag is sowat helfte aan Navorsing en Ontwikkeling by ingenieurswese, 19 persent ten opsigte van chemie, 13,5 persent ten opsigte van tegnologie en 8,4 persent ten opsigte van biologie, landbou en bosbou, bestee.

This relatively low level of spending on Research and Development in particularly the private sector leaves much to be desired. Furthermore, Research and Development expenditure is usually the first to be cut in times of financial stress such as

20/.....

that brought about by the current economic recession. Whilst this is an understandable course of action and also for multi-national firms which are foreign controlled to rely on research findings of a centralised research body in another country, it is regretable that so little is being done by the private sector in this direction to better its own competitive position. After all, South Africans are known for their ingenuity, their research and development capabilities and the high standard of academic and technical training which could be put to excellent use in the Research and Development field.

21/.....

To the management of the company I wish to say that I am impressed with what has been achieved at this plant. I appreciate the gesture of confidence in the economic future of this country by resorting to the large investment which is represented by this plant. I am particularly pleased that the economic recession which is always accompanied by widespread gloom and lack of confidence has not interrupted your development plans. I am sure that this line of action will pay off in the end. Lastly I wish to record my appreciation for the fact that Pilkington's of

22/......

England has not placed restriction on exports by the local company.

My best wishes to your company. May the float glass plant prove to be not only a profitable investment but also a good investment from the country's point of view.

I hereby declare the plant officially open.

&&&&&&&&&&

ISSUED BY THE DEPARTMENT OF INFORMATION
AT THE REQUEST OF THE MINISTER OF
ECONOMIC AFFAIRS.

PRETORIA.
21 OCTOBER 1977.

(193) 21/4/78

cement price includes delivery costs"

The Building Industries Federation is prepared to accept that transport costs are passed on to the builder "But transport makes up 40% of the total cost of cement and an increase of 10% in transport costs should only bring about a 4% rise in the cement price," counters Bifsa's economist, Hennie van Zyl

What Van Zyl cannot understand is "contractors are expected to — and do — absorb costs in the face of falling demand, yet the cement industry pushed its prices up"

The increased cement price will have an adverse effect on the building industry and will probably lead to more unemployment," says Basie Pretorius of the Master Builders' Association

CPA's Du Toit argues "The price increase was realistic because it allows the industry to operate on a more economic basis"

The association's chairman, Dave Baker, feels "the increase was not really sufficient, but in the present economic climate the industry understands the situation and the association has no immediate plans to ask the Price Controller for a further increase"

There is a loose arrangement between the association and the Price Controller whereby cement price increases are normally requested once a year This, however, does not include requests on the grounds of increased administered prices, such as rail and electricity tariffs

According to Baker increases in administered prices have in the past led to numerous price increases throughout the year

The association hopes to find a way of co ordinating prices through the working committee which was formed to examine profitability and other aspects of the industry "This could mean that the increases during the year could be eliminated," says Baker

According to Van Zyl, the building industry would prefer a number of smaller increases throughout the year "This makes it possible for builders to absorb the increases because contractors work on predetermined prices and contracts don't always allow for the recoupment of the total cost increases"

Bifsa would like to be represented on the work committee not only to study prices but also other aspects of the cement industry One gripe is that there is always a shortage of cement when the building industry gets going Something it would like to talk about

Baker counters "To the best of our knowledge Bifsa's representations — requested about a year ago — are still awaited by the working committee" It seems both sides are anxious to talk

CEMENT FM 21/4/78

Bifsa beefs

(193)

The 15% cement price hike has appeased cement producers — for the moment. Not so users, however.

Hennie du Toit of the Cement Producers' Association points out that more than a third of the increase is directly attributable to the recent rail tariff increase.

He adds "Transport plays a very important part because of the situation of the lime belt — normally away from important centres — and the fact that the

Hansard 13 3 May 1978.
Question 12 Cols 431

193

Investigation into brick industry

*12 Mr H H SCHWARZ asked the Minister of Economic Affairs

Whether he has given or intends to give directions for an investigation into the brick industry in terms of section 3(1)(a) of the Regulation of Monopolistic Conditions Act

†The MINISTER OF ECONOMIC AFFAIRS

No

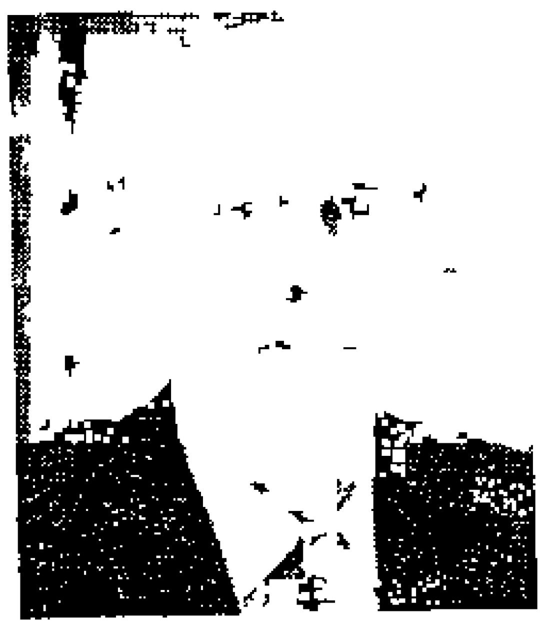
Mr H H SCHWARZ Mr Speaker, arising out of the reply given by the hon the Minister, does he not regard the take-over by Tongaat of Primrose Bricks as an undue concentration of power in respect of this particular industry?

†The MINISTER Mr Speaker, my reply to the hon member is simply that every monopolistic condition is not necessarily detrimental, and that there should not merely be an investigation *per se* in terms of the relevant section of the Act

Mr H H SCHWARZ Mr Speaker, further arising out of the hon the Minister's reply, do I have to understand that he has no objection to monopolies as long as they [Interjections]

†The MINISTER Mr Speaker, the reply to the question is of course that, as usual, the deductions made by the hon member for Yeoville are wrong

(193) FM 2/6/78



DICK KEMP

Think brick

Dick Kemp, MD of Corobrik for 11 years and now also executive chairman of Primrose, is more enthusiastic about the possibilities of the new alliance than bothered about the difficulties of the brick industry

"A big gain is that it puts us firmly in the important Reef market rather than on the fringes and we can do a lot for product development There are great savings in both of us not having to invent the wheel all over again."

Monopoly is a charge which Kemp recognises but rejects "We do control about 55% of brick production but it's impossible to achieve the sort of dominance that might give in some other industries because of price control. Secondly the philosophy of the Tongaat group would be against it. If we can improve the brick industry by giving it a bigger base surely that is to the advantage of the consumer Under the price control system we are obliged to pass the benefits of rationalisation on to the consumer

"Still I know the talk about monopoly will persist and we are going to have to give service like we've never given before to avoid people pointing a finger.

"As a start, we're training the sales force more intensively to talk to architects and builders. We're prepared to make, if possible, any specials they may require so that they can express themselves in brick "

At Corobrik's Briardene head office in Durban a garden has been laid out with walls, paths, pergolas and ponds made of the group's products All are welcome and Kemp hopes when the garden is opened within a few weeks that people will take the opportunity to see for themselves what bricks and tiles can look like in all lights and weather conditions.

For the industry itself, the weather has been stormy and the slump in building has produced huge stockpiles, yet Corobrik has survived and, if not prospered, is at least making profits.

"The last two years have been very bad," admits Kemp "We didn't see any short-term recovery and so we cut back to the volume of production we thought would be required. Unfortunately that meant closing down some operations and reducing in others, so staff had to be put off We see no improvement this year and possibly not until the second half of 1979 by which time plans passed during any pick-up period should be filtering through to the building stage If necessary we could have units which have been mothballed working again within three months

"There's a limit to the stockpiles one can create, not only for financial reasons but because of the logistics of the thing There have to be enough lorries to cart the bricks and enough bricklayers to put them down "

As executive chairman of Rhodesia Railways for five years before coming to SA, Kemp, a Londoner by birth, has a good knowledge of logistical requirements He has no particular fetishes about management and dismisses it cheerfully as "all the same whatever you do "

Perhaps so, but during his time in the driving seat Corobrik increased production with existing facilities by 80m bricks a year, equivalent to the output of an entire new brick works.

Kemp is particularly animated on the possibilities of the low-cost housing market "By our calculations the large clay block we've developed is slightly cheaper than the concrete block. Used as a facing unit it has the additional advantage of being maintenance free. It doesn't require plaster and painting and re-painting and that s a good reason for not thinking of blocks only in terms of low-cost housing where I think we've got a pretty good chance of getting into the market.

"Can't say I'm sold on building systems If we were able to use labour and materials freely and train people the way they should be trained, a lot of the savings claimed for system building would disappear.

"Now if you've got a moment, come and look at this display we've put together. I'm prejudiced of course, but I think it's quite exciting. You'd be amazed what can be done with bricks . "

Minerals again set to earn more

(193)
28/6/78 R.D.M.

By DON ROBERTSON
Mining Editor

EARNINGS from South Africa's mineral exports are likely to grow further this year in spite of world economic uncertainty and the increasing movement to protectionism against mineral imports by some Western countries, according to Mr Lynne van den Bosch

He said in is presidential address at the annual meeting of the Chamber of Mines in Johannesburg yesterday that the higher prices for exports of gold, uranium, copper, diamonds and the platinum group metals, plus a steady expansion in coal exports and the start of exports of rutile, zircon, titanium slag and iron, would ensure higher export values in 1978

Mr Van den Bosch said the gold market was now more stable because of the relatively quiet conditions in foreign exchange markets, but the potential existed for further substantial investment in gold

The continued deterioration of the international economic situation, sustained world inflationary pressures and the possibilities of further uncertainties in exchange markets, had undermined investor confidence in a number of assets competing with gold

Investment offtake of gold had been helped by growth in gold futures markets which now accounted for a major part of daily world trading volume

"However, on average less than 2% of futures contracts culminate in physical delivery of gold

"Nevertheless, the growing trade in futures has ensured that futures prices are an accepted leading indicator of gold prices The futures markets also enable some speculative pressure to be diverted from the spot gold markets "

The market's ability to absorb supplies from official auctions indicated the strong demand situation, but he warned that it was vital that these sales be conducted with consideration for the market's ability to accept additional supplies

World consumption of gold for jewellery manufacture rose to 979 tons last year compared with 932 tons in 1976, suggesting that the sensitivity of jewellery to gold price elasticity was less pronounced than was thought

Mr Van den Bosch said sales of coal by members of the chamber amounted to 76-million tons last year compared with 69-million tons in the previous year The value was R755-million, of which exports accounted for R249-million

Exports through Richards Bay were 12-million tons a year but capacity would be increased to 20-million tons within the next 15 months

"The coal industry has been revitalised by increased demand and the country is benefiting from substantial foreign exchange earnings "

Production capacity in the uranium industry would continue to increase to a level substantially higher than at present following firm commitments for new supplies and planned increases in production facilities

The combined value of long-term contracts and spot sales is considerable On the basis of the present price of uranium, new business concluded during the past 12 months is of the order of R1 300-million "

Looking to the future of the industry and the economy, Mr Van den Bosch said that South Africa must marshal its resources but it could not do so to the best advantage while controls on prices, labour use, the monetary system, foreign exchange markets and all other aspects of economic life constrained the economy

"No more urgent task faces the nation than to allow full reign for market forces to determine the optimum allocation and utilisation of all resources, to allow greater scope for the motivation of economic incentive and to open the full benefits of the free market system to all "

TABLE ... IES

DORMIT												17.	20.
Beds c												(1)23	
unoccu												(2) -	15
												(1)46	
Number												(2)17	30
Length												78	45
Breadt												24	24
Window												78	
						1	3	3			5	3	
		3	14		14	14	3	3		14	7	2	
Floors													
a) Col		1		1		1	1	1					
b) Rub			1		1				1	1	1		
c) Unc												1	1
Stove		2	-	-	-	1	1	1	-	-	-	-	-
Roof a		-	-	-	1			-	-	-	-		-
b) Lo fo		-	1	1	-	-							
Locker		1	1	-	1	1	-	-	-	1	1	1	-
Kitche													
a) Alu		1	1	1	1	1	1	1	1	1	2	1	1
b) Hot		1	-	-	-	1	-	-	-	-	1	-	-
c) Sto		1	-	-	-	-	-	-	-	-	1	-	-
Electr		5	2	3	2	2	2	2		3	4	4	2
		1	-	-	-	-	-	1		1	1	-	-
ABLUT													
No. o		10	5	5			3	8				9	4
No. of		8	8	8			5	8				9	4
Sinks		-					2					2	
		2	1	2				2				1	2
Hot Wa		1	-	-			1	1				-	-
Urinal		2		-			1	1				1	1
Lights		1	2	-			1	1				1	-
OUTSI													
Gutters	-	1	1	-	1	1	1	1	-	1	1	1	-
Drains	-	-	-	-	-	1	1	1	-	-	-	-	-
Concrete	1	1	-	-	-	-	-	1	-	-	1	-	-
* No. of hostels, built by one company, which are identical.	1	4	1	2	1	2	2	2	2	1	1	2	2

FM 4/7/78 193

Primrose's path

Plans are maturing to merge Primrose, now controlled by Tongaat, with Tongaat subsidiary Coronation Merchant bankers are reviewing the proposals and an announcement should be made soon

Family income group	No. [illegible]	[illegible]	[illegible]	[illegible]
8D - FOUT BAY				
0-99	63.	3.16	65.97	20.88
100-199	10.	3.60	136.40	37.[illegible]
200-299	3.	4.33	216.00	49.85
300-399	0.	-	-	-
400-499	0.	-	-	-
500-599	0.	-	-	-
600-699	0.	-	-	-
700-799	0.	-	-	-
800-899	0.	-	-	-
900-999	0.	-	-	-
1000+	0.	-	-	-
Totals	76.	3.26	81.16	24.87
8E - ZEEKOEVLEI				
0-99	63.	4.22	60.46	14.32
100-199	44.	5.59	132.89	23.77
200-299	19.	7.26	234.32	32.26
300-399	6.	8.50	327.17	38.49
400-499	1.	7.00	434.00	62.00
500-599	0.	-	-	-
600-699	0.	-	-	-
700-799	0.	-	-	-
800-899	0.	-	-	-
900-999	0.	-	-	-
1000+	0.	-	-	-
Totals	133.	5.32	124.10	23.31
8F - PHILADELPHIA				
0-99	66.	3.44	62.65	18.22
100-199	30.	4.87	127.50	26.20
200-299	10.	6.40	254.20	39.72
300-399	1.	4.00	314.00	78.50
400-499	0.	-	-	-
500-599	0.	-	-	-
600-699	0.	-	-	-
700-799	0.	-	-	-
800-899	0.	-	-	-
900-999	0.	-	-	-
1000+	0.	-	-	-
Totals	107.	4.12	101.08	24.53

PLATE GLASS FM 7/7/78

Uncertain outlook

(193)

Activities: *Manufacturers and distributors of glass, timber and building products Controlled by pyramid, Placor, which holds just less than 50% of the equity. Placor is slightly over 50% controlled by its directors.*

Life chairman: *M Lubner, vice chairman and chief executive: R Lubner.*

Capital structure: *14,3m ordinaries of 50c. 500 000 6,5% 'B' cum prefs of R1 and 7,3m 9,5% participating prefs of R1 Market capitalisation· R19,4m.*

Financial: *Year to March 31 1978. Borrowings: long and medium term, R28,7m; net short term, R17,8m. Debt.equity ratio: 59,8%. Current ratio 1,6. Group cash flow· R7,4m. Capital commitments· R1,2m.*

Share market: *Price· 135c (1977-78: high, 270c; low, 95c; trading volume last quarter, 94 000 shares). Yields· 16,3% on earnings; 7,4% on dividend. Cover· 2,2. PE ratio: 6,1.*

The rejigged management has come to the belated conclusion that a revival in office and shop building is not imminent

and has decided to reduce its investment in these areas accordingly Policy previously had been to maintain a structure capable of coping with boomtime demand

	'75	76	77	78
Return on cap %	17 2	16 4	13 0	11 ?
Turnover (Rm)	171 2	204 5	195 5	198 8
Gross profit (Rm)	22 3	23 0	17 9	15 0
Gross margin %	13 0	11 3	9 1	7 7
Earnings (c)	65 3	73 5	43 9	20
Dividends (c)	30	30	20	10
Net asset value (c)	379	426	438	[illegible]

The cutback will be achieved by "consolidation and rationalisation including the closure of loss-making and marginal units" This seems to imply more capital losses ahead

Last year extraordinary losses totalled R2,2m net or 16,1c per share These were mainly designated currency losses but some of these - for instance the Doulton Glass UK extrication — arose because of disinvestment The merger of PG Environmental Systems with Steelcraft resulted in a R1,3m write off, R400 000 of which came off earnings while the rest was described as an extraordinary item

These write offs and the dividend resulted in negative cash flow last year and net assets declined from 438c to 424c

The glass division has already trimmed its capacity in line with the market This was a major reason for its being the most profitable section of the business last year The worst decline seems to have been on the timber and wood products side No breakdown of divisional contributions to profits is given, though this may be provided next year

The only bull points for PG at the moment seem to be improved demand for windscreens by motor manufacturers, rising exports, which totalled R6,5m last year, and a tendency among whites to improve homes, with windows, glass doors, mirrors, fibreglass insulation and shelves, rather than to move up to better ones The mass housing take off and home improvement for those blacks leasing houses for 99 years are further long-term hopes But as for new shops, offices and homes - - hitherto the group's bread and butter — the outlook is bleak

Total net borrowings dropped R3,9m, or 7,7% to R46,6m and the debt equity ratio from 62% to 59,8% But creditors rose R5,7m or 21% to R32 3m Stocks declined 5% to R42,6m and debtors were nearly constant at R49,4m The group paid R8,1m in interest, leasing charges and pref dividends last year, while profits before tax, interest, leasing and prefs declined from R19,9m to R17,4m So cover slipped from 2,6 to a rather slender 2,1 times

Even if trading conditions do not improve much in the year ahead, cash flow from stocks and debtors and the sale of fixed assets should be adequate to ease

PG's Ronnie Lubner . new hand at the helm?

the debt load

Exports, largely to the overseas subsidiaries and associates, are profitable, especially taking into account the greater plant utilisation they permit PG's UK subsidiary remains active, especially in securing export orders for the Middle East. It has also opened up in a big way in the US where it turns over R1m per month, and is No 1 in windscreens in Australia, where turnover - not consolidated - is R25m a year PG anticipates good profits in both these countries in the future

PG is currently contesting certain tax payments made in respect of currency losses previously. One of these - lost but at present on appeal - amounts to R1,5m so the benefits could be substantial if judgment goes PG's way

Losses below the line render eps of questionable relevance but the intention merely to maintain these earnings seems modest After the recent results and in view of the uncertain outlook not to mention the changed management and philosophy, it's surprising that the share price is down only 10c on a year ago Further progress depends on the extent of economic recovery but if a return to the old 20c dividend is only one or two years away, the shares are still good value

The pyramid Placor, has little besides its 50% stake in Plate Glass, which contributed 96% of earnings of 8,5c At 50c, its yields are in line with Plate Glass's but the discount to assets is smaller at 45% v Plate Glass's 68%, so it's not a cheap entry

David Carte

DATES TO REMEMBER

Last day to register for dividends:
Friday July 14· Chubb 12c, Corobrik 7c Hulamin 18c I T A 19c, Placor 1 8c, Plate Glass 5c
Meetings Monday July 10. Dermacult
Tuesday July 11 OK Bazaars
Wednesday July 12. Annel, Stellenbosch Wines (Stellenbosch)
Thursday July 13· Moni & Fattis, Oceana (London)
Friday July 14. SA Breweries
All meetings in Johannesburg unless otherwise indicated

mind cannot be dispelled by the
an understanding of the outward
III 830-1094
From all this it follows that
our tenure of the mind is mortal
hosts of Carthage poured in to
by the convulsive shock of war
between realm and realm the empi
So, when we shall be no more
has been
happen any more at all. Nothin
earth be fused with sea and sea

If any feeling remains in
that is nothing to us, who are
conjoined and coalesced. Or ev
by time after our death and
were given to us anew - even tha
the chain of our identity had be
ourselves in any previous existe
When you look at the immeasurabl
of matter, you will readily cred
many a time before have been
mind cannot recall this
breach in life and
If the future holds travail
when that time comes, or er
by death, which denies existence
Rest assured, therefore, that we
is cannot suffer, or
this mortal life has been usurpe
When you find a man treating it

TONGAAT'S LOW COST OF CONTROL

FM 4/8/78

193

Proposals to inject Tongaat's building materials division into Primrose Industrial are likely to be put to the Primrose and Tongaat boards in mid-August, judging by comments made by chairman Chris Saunders at Friday's agm As a result, Tongaat's stake in Primrose will rise to over 60%.

Primrose will offer its paper for Coronation Tongaat has appointed no less than four merchant banks Standard and Senbank for Coronation, Volkskas and Barclays for Primrose

Even at arms length comparing the two groups is no easy matter. On the strength of last year's profits, Coronation is worth more marginally than Primrose If the merger were based on net profits Primrose would probably have to offer in the region of 11,7m new shares, giving Tongaat a direct and indirect control of 68% On the basis of capacity Coronation would get only 8,6m new Primrose shares, leaving Tongaat with 62% of Primrose

As Primrose is operating at about 40% of capacity the figure could be in between these two extremes. Other factors such as tax and quality of assets could influence the value of both groups Then there's the question of whether the whole of Coronation or only a part thereof will be taken up by Primrose. The deal may not move the market price of Primrose, but rationalisation benefits should help profits longer-term

Peter Pittendrigh

BRICKMAKERS COMPARED

	Annual Capacity		Annual Production			
	face bricks	stock bricks	all bricks	Profit Rm	Turnover Rm	Margin %
Primrose	420m	600m	41[illegible]m	2,1	32,2	6,5
Coronation	414m	414m	604m	2,3	37,7	6,0

(193) FM 1/9/78

Brick rationalisation

Rationalisation of operations with Corogroup is fast helping to eliminate Primrose's brick losses in the Western Cape. Terms of the proposed merger with Tongaat's building materials division take a mean path between brickmaking capacity and Primrose's poorer profitability

PG/BARLOWS (193)

Mutual advantages

FM 22/9/78

Losses in the building supply division of Plate Glass were large but its sale to Barlows' Federated Timbers for effectively R16m will not immediately send earnings through the roof

In the first place the building supply division has experienced an improvement in trading and is now breaking even. Second, the deal is effective from October 1 and the R12m cash, which PG is to receive in addition to Float Glass, will not all be in the bank supporting earnings until March 31 1979, PG's year end.

And Float Glass, which becomes part of PG from October 1, will also not aid profits much At this stage, it too is a (relatively small) loss maker, although rationalisation with PG — and its removal as a competitor should reverse this quite soon.

Also offsetting any positive effect from the cash and Float Glass in the second half will be losses arising from the disinvestment Only the *assets* on the building supply side are being sold to Federated, so if Federated chooses to close down some shops, PG may still be responsible for their leases It might also carry the costs of moving certain stocks and, possibly, the laying off of staff. These costs

ould cancel out any gains from the cash nd the incorporation of Float Glass in ie second half

Next year PG should be able to earn 5% pre tax on the slightly smaller nount of capital employed This sug ests gross profits up from R15m to 17,5m This figure implies some growth all the remaining divisions plus a better turn from the capital previously tied up building materials

Interest costs should come down next ar and assessed losses should keep the x rate down, so earnings could rise by en more than the 17% improvement in oss profits suggested above

othing definite

While there is nothing definite about ese projections and further information ll come to hand only at the interim, ms like this should ensure strength in share price even though earnings and dividend this year are likely to be itic and yields look relatively low iscor's fortunes will stay directly in line the Plate Glass holding is its only ijor asset

The R16m investment in building sup division yielded only R42m of sales d this must have been a major motiva n for the deal for PG

While it will probably not benefit earn s by more than a cent the deal advantageous to Barlows It rids the oup of Float Glass, an ill fitting loss ker too small to compete with PG in idscreens and gives Federated a better ographical spread and a 20% or R42m ost to turnover It also eliminates a rrying competitor.

Federated expects to raise R6m each

indicates Diploma course, (C) indicates Certificate course, (D & C) indicates that the Diploma and Certificate figures been lumped together.

there is clearly a fairly high correlation between the rank- of each category for immediate demand and 1981 demand, despite was written in the previous paragraph about the unreliability e 1981 figures.

s of this report, the above table indicates, in order of courses the proposed Technical College at Umlazi should important to note that the table should not be interpreted hat the College should offer a course, say, for Chemical nked third, but not one in Chemical Technology (Plastics), In fact, the syllabi for both at the White Colleges for cal Education are very similar,& if the proposed College were oma course for Chemical Technicians, it could also offer the cal Technology (Plastics) at negligible extra expense in or time.

olleges for Advanced Technical Education are usually divided nents. The College at Umlazi, too, could be divided into or Schools. On the basis of table 40, the most likely would be Mechanical Engineering, Electrical Engineering, ence, and Civil Engineering and Building.

ent of Mechanical Engineering could offer a course in Mechanical as its first choice. Then a course in Production Engineering, sts of much the same subject matter as Mechanical Engineering, fered at little further expense to the Department and might it had enough students to make it viable.

gument applies to the Department of Electrical Enginering where f light and heavy current follow largely the same course. The could offer specialised courses such as Industrial Instrumen- TV and Electronics, at a later stage of its development should rise, as well it might with the present expansion of the elect- istry and plans for opening a TV channel for African viewers.

nent of Applied Science, or some equivalent, could offer courses for Chemical Technicians. It should be noted that the Diploma al Technicians appears to be exactly the same as the one in Chemistry, and to further confuse matters, is also called the Chemical Technology by different Colleges for Advanced Tech-

CEMENT FM 29/9/78

Hooray for exports (193)

Cement sales usually lag those of other sectors by up to a year, so it is not surprising that producers and marketing companies reckon the trough in local demand is only now being reached Exports however, have come to the rescue, and 1978 promises to be a record year for foreign sales of SA cement

About 70 000 t of cement are currently being shipped out of SA each month, mainly to the Middle East and the Indian Ocean islands. Total foreign sales this year will probably top 900 000 t, compared to just 340 000 t in the year ended June 1977

Moreover, the *FM* learns that an out-of-court settlement is imminent in the dispute involving 270 000 t of cement destined for Iran (*FM* July 21) The wrangle between Cemafrique and one of its major export agents, Utex, will probably end in a valuable export contract which could see sales spurt further ahead between now and next April

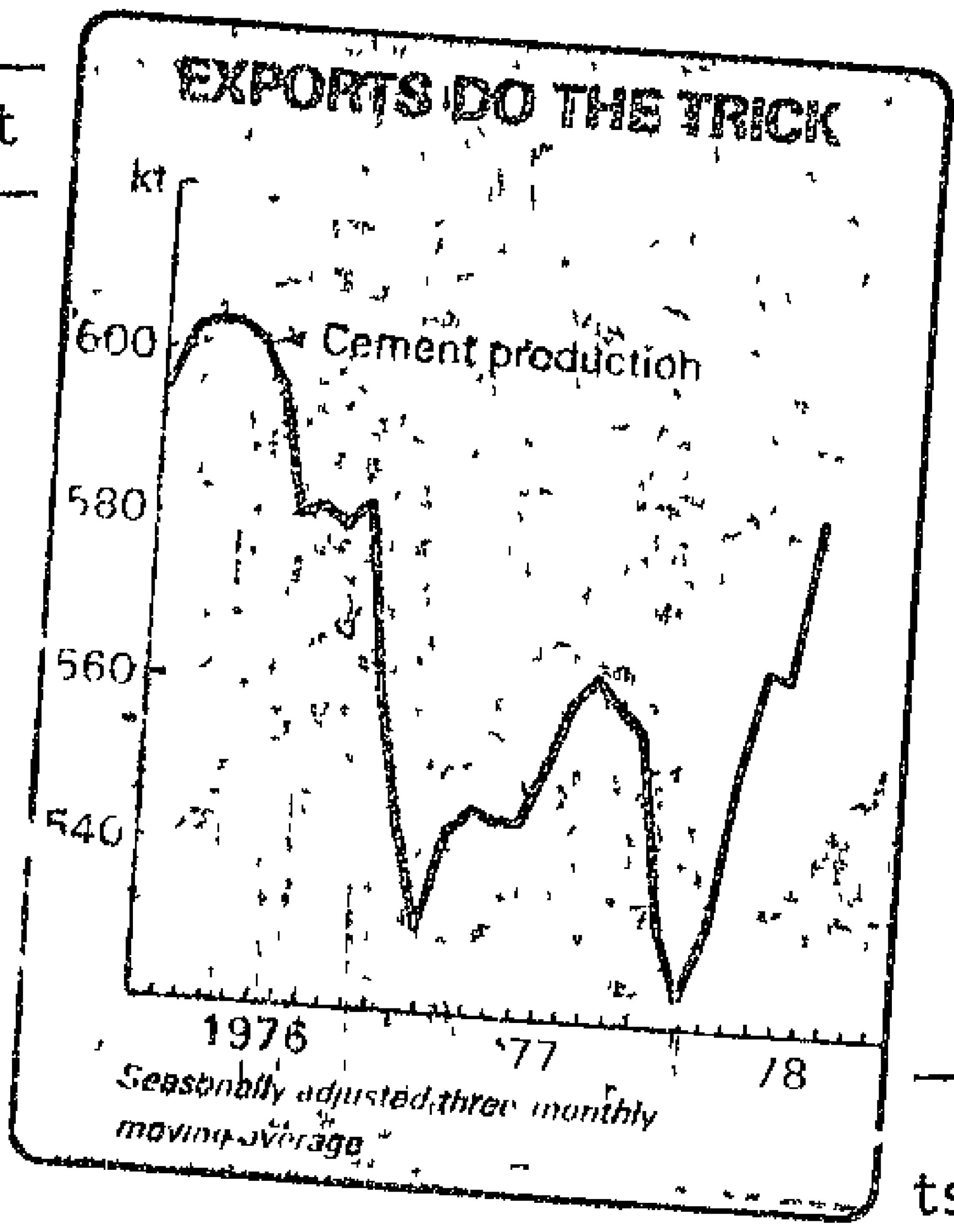
Further good news for producers is that world prices are improving, thanks to fewer shipments from Japan (because of the rising yen) and South Korea (where material is required for local consumption) Prices are at a two year high, though it is doubtful whether SA exports are profitable without government subsidies "Producers are losing a little less than they would have otherwise" notes one exporter

Export earnings clearly reflect the impact of higher prices and tonnages In the first five months of this year, receipts totalled R10,2m, compared with R2,5m in January May 1977 and R14 6m for 1977 as a whole

Thanks to exports, which currently account for about one eighth of the industry's production capacity cement factories are now operating at over 70% of capacity

Domestic off take has dropped by 20% over the two years to June 1978, but the cement men are crossing fingers that the worst is over Cement Marketing Organisation GM George Taylor reckons sales for calendar 1978 will be at least the same and hopefully a little more than last year's total domestic consumption of roughly 6,1Mt "Our statistics only now begin to give a glimmer of information that we could be turning the corner," he says, "but we do see a hesitant upward trend"

The industry expects work to start within the next few months on a number of valuable tenders, including concrete roads in the Transvaal, military installations railway projects and new housing schemes "The picture looks a little more cheerful now than 6-9 months ago," asserts one big producer



Seasonally adjusted three monthly moving average

ng ... is the Technical ... de ... ndi ... on Act (No. ... had ... but only ... fun ... proper. It ... own ... students ... how ... nce it is ... pose ... on of Tech- ... n (... idents en- ... cal ... s), is also ... l - ... Sultan College,

Year	Total enrolment	... nology
1966	6 561	
1967	7 034	
1968	5 665	
1969	5 879	
1970	6 286	
1971	6 705	
1972	6 317	
1973	6 953	
1974	7 578	

Source: Department o ... ts,

The following table gives a ... supply of Indian technicians.

Table 6. Matriculation an ... 1-V passes,1971-1974.

Year	Matriculation and Senior Certificate	...	N.T.C. IV.	N.T.C. V
1971	2 215		-	-
1972	2 231		-	2
1973	2 886		-	-
1974	3 587		-	-

Sources: South Afri ... ns, Annual Surveys, Department o ... ports.

with the system of farming-on-the half".[21]

"Tomlinson records (p. 84) that in 1938 a scheme for the subsidised purchase of ploughs, harrows, planters and cultivators by black farmers was introduced 'and considerable use was made of it until it was discontinued in 1947'. Among those who objected to such schemes was former Prime Minister Strijdom who complained in Parliament that, 'If the Government went on in this way, blacks would soon cease to be labourers and become farmers, with disastrous effects on white farming, where the problem of markets was already serious'" [22]

Colin Bundy has shown that between the 1830s and the end of the century a class of black peasant farmers emerged and then declined, who, in their heyday, were generally at least as good as white farmers of that period and in many instances, better.[23] Farming in [illegible] only degenerated to its present condition

Cement exports soar, but all's not rosy

CAPE TIMES 5/12/78 193

JOHANNESBURG — Cement exports soared from 340 676 tons to 949 948 tons in the 12 months to June 30 this year The value for 1977-78 was about R30m

This is disclosed in the annual review of the Cement Producers' Association The review generally, however, paints a bleak picture of the industry

Return on capital employed slumped to five percent for the year to June 30 compared with 14 percent in the last boom period, 1974

Although the industry is running at better level after the 15 percent price increase on April 1, it is unlikely that the return on capital for this year will be more than eight percent

It is also certain that another cement price increase will be granted by the price controller next year

How much will depend to some extent on the railway budget Railage accounts for 50 percent of the selling price of cement

The rise in exports enabled the industry to offset a fall in domestic cement consumption last year of about 500 000 tons

The review says "The current productive capacity of the industry is approximately nine million tons a year, which is about 2 200 000 tons in excess of current demand

"Additional capacity commissioned during the year was offset by the decommissioning of older plant

"It is anticipated that capacity will exceed demand until the mid-1980s

"The cement industry fully appreciates the importance of containing the price of cement, but being a basic industry essential for the development of the country it is of vital importance that the return on investment should ensure its continued growth in sympathy with domestic development"

lacks became good farmers differentiation. "(The) of peasants is not only a predictable feature of,

the underdevelopment of the society as a whole".[25] This process of differentiation was accelerated by specific government legislation and also by the restrictions which, while they applied to all blacks, tended to affect the poorest most quickly.

Discussing the class of successful farmers that emerged, Bundy writes, "The Glen Grey Act contributed to the definition of that class; to the overlapping of the categories of bureaucrat and well-to-do peasant, to the enjoyment by the headmen and their favourites of the choice land, to the circulation of funds and skills at the upper strata and to the heightened pressure on the young and landless to sell their labour."[26]

Differentiation continued: "In 1936, Councillor Ntlatla from Idutywa in the Transkei told the Bunga that 'the people who are landless in the surveyed districts are equal to these who have land if not more ...'"[27]

location 3 out of 1000 stock owners held 70% heep and 50% of the cattle. Some of the ors had as many as 3000 sheep and most had p and 50 cattle." (This was in 1953)[28]

Brett outlines the process of class formation Africa: the pattern he describes is equally ible to the South African reserves. "The ous bourgeoisie emerged initially on a regional within each area this group was recruited from the rich peasant families which had been able to afford secondary education; this generation was then able to move into positions in the bureaucracy, the co-operative movement and petty trade. It then became the leadership

MANUFACTURING

NON METALLIC MINERAL PRODUCTS

193

12. 1. 77

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3. 12. 79

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V9h

193

Call for cement industry probe

Cape Times 12/1/77

Industrial Reporter

A CALL for a commission of inquiry into the South African cement industry has been acknowledged by the Minister of Economic Affairs, Mr J C Heunis

This was disclosed yesterday by the director of the Building Industries Federation, Mr J H D Grotsius, in an interview from Johannesburg.

The federation had asked the Government to appoint a commission to investigate the whole structure of the cement manufacturing industry, including its distribution system.

In spite of indications that the industry had surplus capacity, shortages of cement had contiued. It was essential that the supply problem be solved, a framework on which future production and distribution could be based was also needed

The executive director of the SA Cement Producers' Association, Mr V L Houreld, told the Cape Times in an interview from Johannesburg that the body welcomed the call for an inquiry, which had come as no surprise to the industry

The price of cement was artificially low because of Government controls and this had dampened investment in new plant

The Government had recognized the detrimental affect of uneconomic returns in the coal and sugar industries, but this had not been extended to cement

Cement producers were earning only 3,5 percent on their investment after tax and interest charges because the price of South African cement was the lowest in the world.

Mr Houreld said cement was as important to the country as defence, but unless the price was raised future development would be severely hindered

BLUE CIRCLE (193) FM 16/2/79

Undercapacity drags

Activities: *Cement manufacturer. Hubert Davies, electrical and mechanical engineer and distributor of engineering products and capital goods is wholly owned Blue Circle Industries, of the UK, holds 55,4% of the equity*

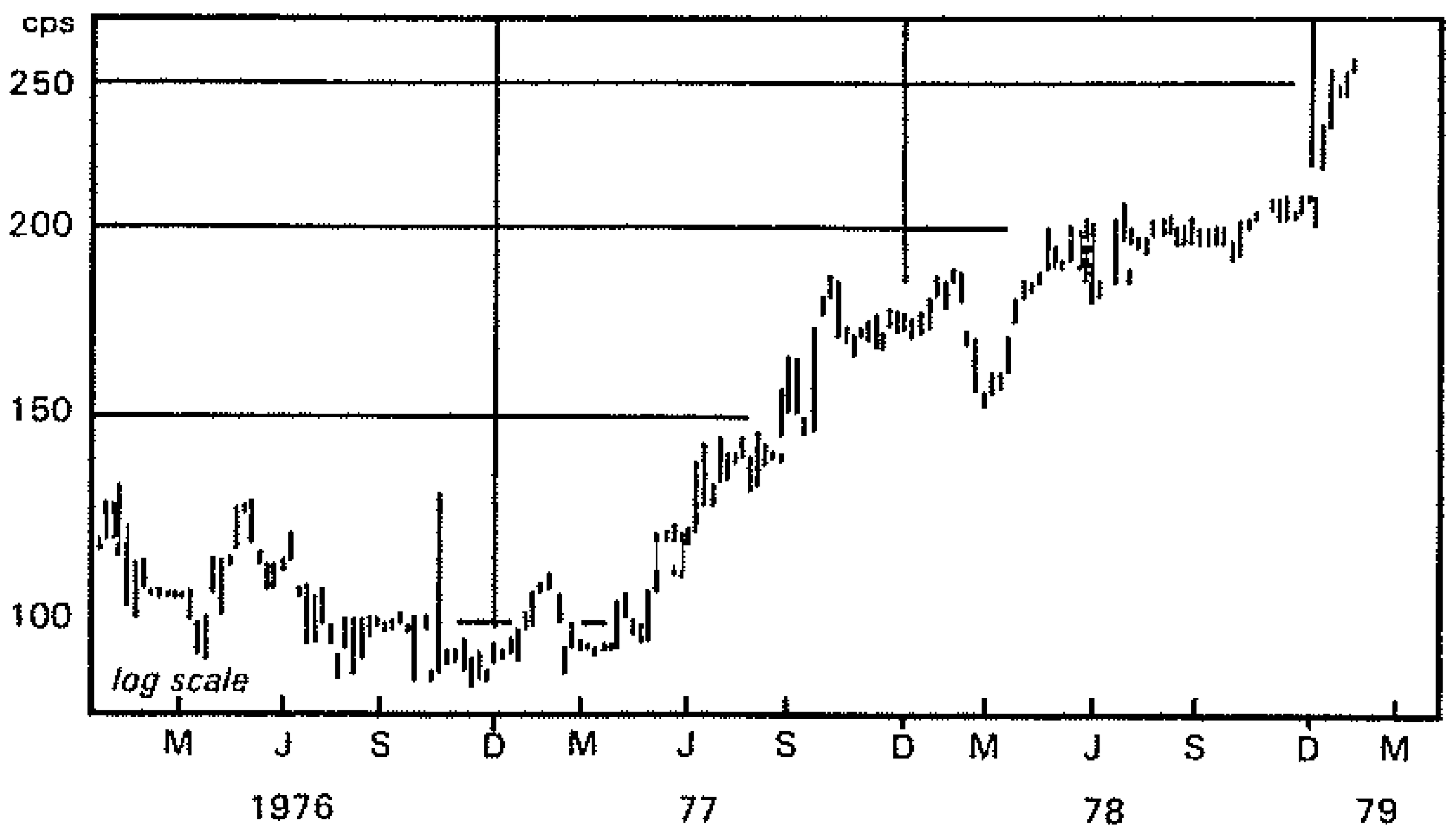
Chairman: *J Henderson, vice chairman R Arnold, managing director T G Coulson*

Capital structure: *20,9m ordinaries of 50c Market capitalisation R52,3m*

Financial. *Year to November 30 1978 Borrowings long and medium term, R17,6m, net short term, R7,7m Debt equity ratio 37,1% Current ratio 1,5 Net cash flow R9,3m Capital commitments R871 000*

Share market: *Price 250c (1978 79 high, 260c, low, 153c, trading volume last quarter, 225 000 shares) Yields 13,4% on earnings, 7,0% on dividend Cover 1,8 PE ratio 7,4*

BLUE CIRCLE: moving off base



Blue Circle has reached a stage in its development where underutilised capacity could fast be turned to account with an economic upswing But that upswing has yet to arrive, and though a profit increase is budgeted for this year, it is not likely to be spectacular, especially in cement

Exports accounted for 11% of Blue Circle's volume sales last year with 6% of SA's total cement production going to Iran at marginally profitable prices However, they did contribute to boosting plant utilisation, helping restrain unit cost increases MD Trevor Coulson says it is possible sales lost in Iran will be placed elsewhere and the forecast of higher cement profits in 1979 still stands

In volume terms, Blue Circle's cement sales rose only 3,5% to 1,1 Mt suggesting a domestic decline But the 19c per 50 kg price increase more than compensated. Cement profits rose 107% pre-tax to R6,3m (R3,1m) and 160% after tax to R3,7m (R1,4m) and brought in 49% (22%) of attributable profits

	'75	'76	'77*	'78
Return on cap %	13 5	11 1	12 6	13,3
Turnover (Rm)	123	165	136	159
Gross profit (Rm)	10 5	12 2	14 5	15,5
Gross margin %	8 5	7 3	10 7	10,0
Earnings (c)	23 9	26 2	28 2	33 5
Dividends (c)	12	14	16	17 5
Net asset value (c)	199	341	363	374

**After restatement of certain figures for comparability*

Construction workers . not using enough cement

The engineering supplies division also performed well, with gross profit of R5m (R2,6m) and R2,4m (R1,6m) after tax, representing 32% of attributable earnings These gains were partially offset by a slump in the heavy equipment division, where the 1977 taxed profit of R3,1m was transformed into a R814 000 loss, partly due to start-up costs with the newly-acquired International Harvester franchise

The 7% improvement in the group's gross profit and 19% rise in attributable profits were largely due to the consolidation of Hubert Davies for a full year Last year, Hudaco was consolidated for only five months The net effect of this was to add about R500 000 or 2,4c per share to earnings

Recent acquisition, Donkin Manufacturing, of Port Elizabeth, is expected to add another 2,4c to earnings British Auto was acquired to market and service earth-moving equipment in Botswana. Its

CIVIL AND ELECTRICAL ENGINEERING AND BUILDING SCIENCE COURSES

Week Starting	ORAL TUTORIALS	ORAL EXERCISES FOR MARKS	WRITTEN TUTORIALS	WRITTEN EXERCISES	LECTURES
26 Feb.			First Mee		
5 March	Introductions and Interviews		Principle Purpose i Motives o		
		SAX APPEAL	HOLIDAY T		
12 March	Principles of Communication		Principle Determinir		
19 March	Vocabulary		Gathering Planning (organisati		
26 March	Planning a talk		Internal structure	Planning exercise	
2 April	Delivery of talk	MARK	Appropriate vocabulary	Vocabulary	
9 April	Delivery of talk (Questionnaire)		Characteristics of Jargon (Monday class have TEST)		
		GOOD FRIDAY 13th April EASTER MONDAY 16th April			
16 April	Listening		CLASS TEST		
		VACATION 23rd to 29th April			
30 April	Feedback session/ Non-verbal communication		Appropriate style	Style	

RHOBRICK

Cracks widening

Activities: *Rhodesian brick and pottery maker Owns Moweld Fencing & Wire Products (Pty) and 40% of Brown's Wholesale (Pty)*

Chairman: *F L Wigley Managing director P A Jousse*

Capital structure: *1,6m ordinaries of Rh50c Market capitalisation R640 000*

Financial: *Year to September 30 1978 Borrowings: long and medium term, Rh$124 000 Net cash· Rh$182 000 Debt equity ratio: 6,6% Current ratio· 3,5. Net cash flow R131 000. Capital commitments. nil.*

Share market: *Price: 40c (1978/79. high, 40c, low, 40c; trading volume last quarter, nil shares). Yields. 21,9% on earnings PE ratio· 4,6.*

713

The war in Rhodesia and small chance of any change in trading conditions in the foreseeable future lead chairman Frederick Wigley to offer little hope of higher profits, and therefore a dividend, in 1979

Since the year-end, there has, however, been a marginal improvement in some operating results The brick divisions lost RH$66 418 last year, compared with a Rh$11 018 loss in 1977 Since the year-end the division has returned to profitability because volume has held up, leading to lower unit costs and a reduction in stocks October and November turned in a Rh$5 002 profit compared with a loss of Rh$15 923 in the corresponding previous period

The pottery division's revenue dipped 9% in 1978 while unit costs rose, resulting in a profit of Rh$140 948 (Rh$176 774) So far this year profits are lower, but higher selling prices are to some extent covering increased production costs

	'75	'76	'77	'78
Return on cap %	10 7	12,5	12 4	8 7
Turnover (Rh$000)	2 295	2 415	2 543	2 243
Pre-tax profit (Rh$000)	259	292	306	210
Gross margin %	12 1	13 1	12 8	10 1
Earnings (c)	14 5	6 6	9 5	7 1
Dividends (c)	nil	nil	nil	nil
Net asset value (c)	112	119	129	156

Demand for fencing materials expanded in the first half of last year, but tailed off in the second with reduced profits This year sales have improved, with profits of Rh$23 000 (Rh$21 000) for the first two months

Wholesaling activities continue to improve but from a low base The company has de-geared during the past two years, one of the reasons no dividends have been declared At end-September, total borrowings amounted to Rh$146 000 (Rh$264 000) Loans due this year total Rh$22 000 The deteriorating trading situation has lowered stocks and debtors and improved short-term liquidity. The current ratio rose from 1,8 to 3,5 and cash on hand amounted to Rh$204 000 (Rh$115 000).

To a South African investor the shares are unattractive The price has not moved in more than a year, there has been no trade in Johannesburg, and no dividends They probably merit a sell recommendation at any price.

Des Kilalea

VERREF

Chrome prospects

Activities: *Manufactures a wide range of refractory bricks, clay pipes and roof tiles. Has magnesite, andalusite, silica and chromite mining interests. Anncoal holds 51% of the equity.*

Chairman: *W G Boustred, managing director H R Reid*

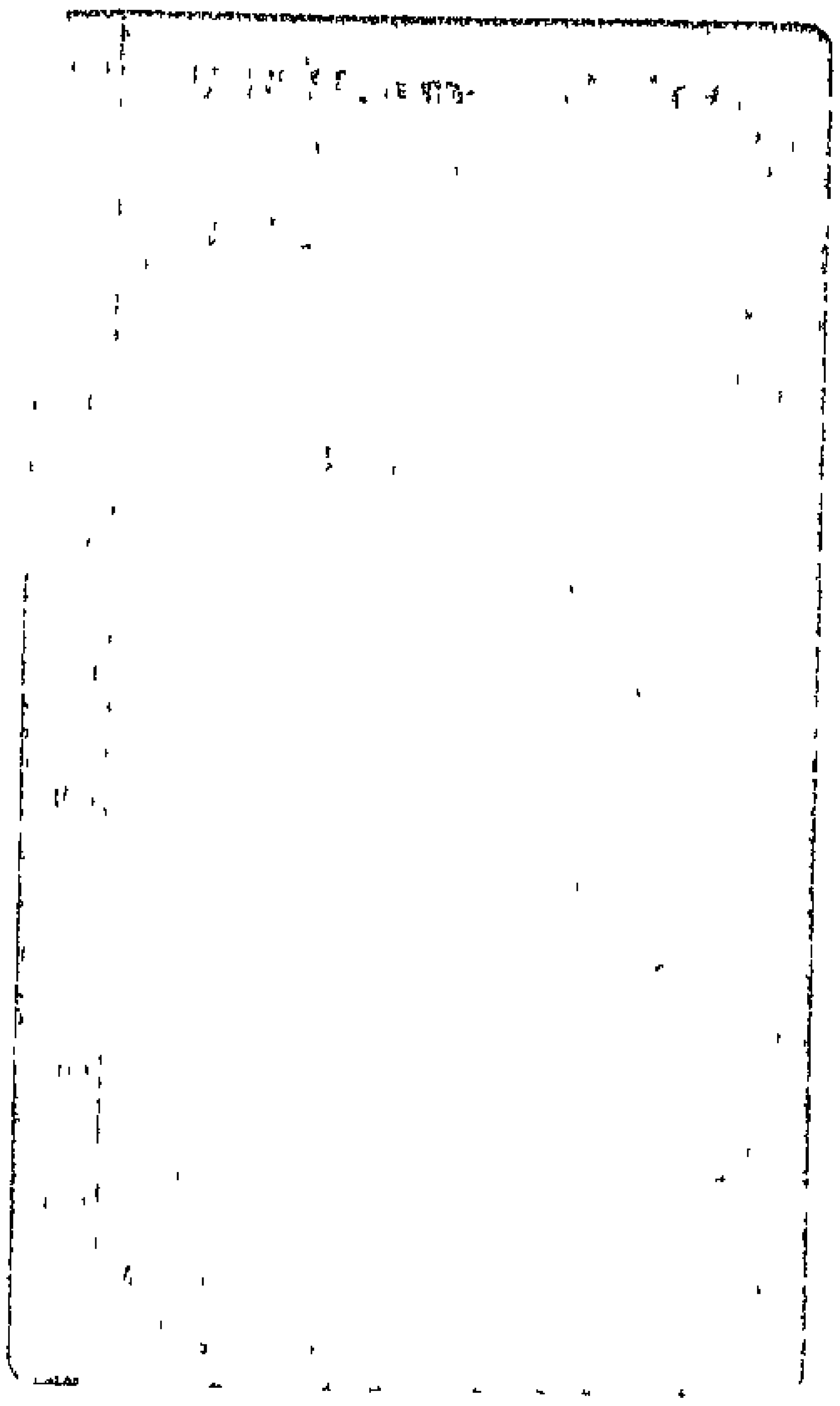
Capital structure: *5m ordinaries of 5c; 500 000 5,5% cum non redeemable prefs of R2*

Market capitalisation: *R25,8m*

Financial: *Year to December 31 1978. Borrowings long and medium term, R4m. Net cash R2,8m. Debt equity ratio 18%. Current ratio 2,5. Net cash flow R6,4m. Capital commitments R1,9m*

Share market: *Price 515c (1978 79 high, 540c, low, 180c, trading volume last quarter, 39 000 shares). Yields 19,7% on earnings, 7,0% on dividend. Cover 2,8. PE ratio 5,1*

Dramatic turnarounds in Coverland Tiles and Vitro Clay Pipes were the main reason for the 61% jump in gross profits and 56% improvement in attributable profits. Coverland, which is 33% owned,



transformed a R760 000 loss into a R761 000 profit, while Vitro (50% owned) cut its losses from R1,2m to R [illegible]. These improvements were tax free and the [illegible] for [illegible] of the R1,8m improvement [illegible]

[illegible] also [illegible] plan the [illegible] % to [illegible] look [illegible] drop [illegible] into profit [illegible]

	'75	'76	'77	'78
Return on cap %	[illegible]	[illegible]	[illegible]	[illegible]
Turnover (Rm)	[illegible]	[illegible]	[illegible]	[illegible]
Op profit (Rm)	[illegible]	3	[illegible]	[illegible]
Op margin %	[illegible]	12	[illegible]	[illegible]
Earnings (c)	[illegible]	65,0	[illegible]	101,7
Dividends (c)	[illegible]	[illegible]		6
Net asset value (c)	298	429	[illegible]	[illegible]

The rest of the improvement was in the refractory division [illegible] operating profit [illegible] R [illegible], equivalent [illegible] of [illegible] profit [illegible] the [illegible] has [illegible] now [illegible] purchases [illegible] [illegible] refractories and [illegible] R1,7m (R1, [illegible]

demand and prices early in [illegible] [illegible] group has an agreement with Amcoal [illegible] [illegible] cash flow of R6,4m [illegible] Assuming [illegible] could start to [illegible] two.

30/3/79

19.3

ANGLO-ALPHA

191 FM 30/3/79

Reckoning with inflation

Activities: *Manufactures cement, lime, industrial materials, stone aggregates and ready-mixed concrete It is a major supplier of these products to industry in SA, particularly the building and construction sectors*

Chairman: *H Byland; deputy chairman· B Hersov, managing director P Byland*

Capital structure: *30,1m ordinaries of 50c Market capitalisation R45,1m*

Financial: *18 months to December 31 1979 Borrowings: long and medium term, R68,3m, net short term, R4,5m Debt equity ratio 56,9%. Current ratio 1,8. Group cash flow R34,4m Capital commitments R10,4m*

Share market: *Price 150c (1978: high, 150c, low, 95c, trading volume last quarter, 35 000 shares) Yields 13,5% on earnings, 9,1% on dividend. Cover 1,5. PE ratio. 7,4.*

	*'75	*'76	*'77	'78
Return on cap %	12 5	9 1	7 7	9 4
Turnover (Rm)	114 3	125 1	132 1	176 7
Gross profit (Rm)	15 0	17 6	17 1	32 7
Gross margin %	13,1	14,1	13	18 5
Earnings (c)	18 1	21 3	25,1	†42,4
Dividends (c)	9 5	11	13	†13 7
Net asset value (c)	173 5	260 4	307,5	449,2

**12 months to June 30*
†Annualised

In a move aimed at leaving shareholders in no doubt as to the true results of the group, Anglo-Alpha has instituted a thoroughgoing inflation accounting system.

Adopting the guidelines of the National Council of Chartered Accountants, the system incorporates certain inflation accounting procedures previously used by the group. Now the group has elected to show the adjustment for inflation as a charge against earnings, rather than by publishing a supplementary income statement While this reduces reported profits and puts results in a poor light when compared with other companies, Anglo-Alpha believes it leaves shareholders with no doubt as to the true results of the group

Adjustment to account for inflation meant that R9,5m was deducted from the historically calculated R18,6m taxed

Anglo-Alpha's quarrying operations . . . aggregating earnings

P.T.O.

S&D3(a)

UNIVERSITY OF CAPE TOWN

DEPARTMENT OF SPEECH AND DRAMA

Audition Procedure

We thank you for your completed application form for admission to the Performer's Diploma course in Speech and Drama. If you have also applied for admission to the B.A. degree course, please note that admission to the two courses are dealt with separately.

In order to be considered for admission to the Performer's Diploma course, you will be required to undergo an audition for which you should prepare the following 3 items:

1. One poem (duration 1 to 2 minutes);
2. An excerpt from any play written before 1902 (duration 1 to 3 minutes);
3. A contrasting excerpt from a modern play (duration 1 to 3 minutes).

All these items should be memorised.

Improvisation and reading may also be required by the auditioner. We recommend that you arrange for an audition as soon as possible, with one of the persons listed below.

Please send to us if/when available a copy of your matriculation or matriculation exemption certificate, and proof of symbols obtained in the matriculation or equivalent examination. Rhodesian students are asked to send copies of "O", "M" and "A" level certificates and a matriculation exemption certificate if available. These documents [illegible] 's office as soon as possible, and in any

...results and dividends

In 1977, of the group's R7,9m interest bill, R4m was capitalised Without this protection, pre-tax profit for the 18 months to end-1978 was only R21m compared with R19,3m for the year end to June 30 1977 And while annualised earnings were 42,4c on an historically calculated basis, accounting for inflation cuts the figure to 20,2c

During the past 18 months, cement operations contributed 80% (33%) of after-tax profits, and lime 38,9% (27,8%) Other activities, including textiles and chemicals produced 6% (19,8%) However, higher costs, lower selling prices and severe competition resulted in a R342 000 loss for the group's stone quarrying operations These operations have now been streamlined and together with management changes, a programme has been implemented to lower production costs through more efficient plant utilisation

Capex of about R40m is budgeted for replacement of assets over the next five years, while an additional R90m is planned for organic and diversification expansion

It is planned to finance this expenditure substantially from cash flow In the past, the ratio of interest-bearing debt to equity has tended to peak at around 60 40 immediately after major capacity expansions As the majority of its operations are capital intensive, based on a realistic depreciation policy and high cash flow, Anglo-Alpha believes that an average ratio of 50 50 over the next five years is an acceptable objective

The cement industry would benefit from a government decision to move ahead with infrastructural developments. However, the controlled cement price remains the largest single factor governing Anglo-Alpha's profit potential this year

Already on an attractive 9,1% dividend yield, the group's careful watch on inflation can almost guarantee that distribution will keep pace with the inflation rate, while at the same time ensuring that distributions are 1,5 times covered

Technically the share looks highly attractive with its latest price movement taking it to a triple top position at 150c If this level is broken, a rise to 165c-170c looks possible over the next six months However, the share is best suited to investors with medium-term growth objectives based on realistically accounted earnings

Jean Moon

DATES TO REMEMBER

Last day to register for dividends:
Friday April 6: African Cables 21c, Amic 55c, Bakers 13c, Carlton Paper 8c, Ellerine 11c, Eriksen 7,5c, Kohler 32c, Lamberts Bay 27c, M & F 14c, M & R 8c, Montays 4c, New Central Wits 7,5c, Picbel 4c, Premier Cement 12c, Protea Ass 7,75c, SWA Fish 40c, Sea Products 25c, Skye 0,5c, Tiger Oats 33c, Unisec 7,25c, United Oceana 13c

Meetings:
Monday April 2: Picbel (Cape Town)
Tuesday April 3: Rand London
Wednesday April 4: Brick & Clay, Vereeniging Refractones
Thursday April 5: Amcoal, Osborn, Vryheid
Friday April 6: Carlton Paper (Bedfordview), D & H

All meetings are in Johannesburg unless otherwise stated

BUSINESS MAIL

Anglo Alpha highlights ravages of inflation

RDM 22/3/79

193

~~249~~

ANGLO Alpha Cement, taking the National Council of Chartered Accounts' guidelines on inflation accounting into account, has adjusted its annual figures to reflect the ravages of inflation in the economy

The guidelines recommend the provision of a supplementary income statement, but Anglo Alpha has opted for an adjustment to its earnings figure The chairman, Mr Hans Byland, says the adjustment to account for inflation amounts to R9 500 000 which is more than half the profits determined on an historical cost basis

Mr Byland says the revenue authorities continue to levy taxes on what he calls fictitious profits by working on the historical cost basis and that the incentive allowances which were introduced to encourage new investment are not adequate compensation

Mr Byland says that Anglo Alpha s corporate structure is being streamlined by grouping similar activities into clearly identifiable operating divisions — cement, lime, stone aggregates, construction chemicals and textiles

Mr Byland says the present lack of available skilled personnel, particularly artisans, technicians and engineers, will be a cause for concern especially when the economy starts moving again

Anglo Alpha's wage and salary policies are uniform for all employees and there is no discrimination on fringe benefits

Dividend policy is to keep dividends at least in line with the inflation rate and at the same time to aim for a minimum dividend covered at least 1 5 times based on current cost earnings

Over the next five years, the group is budgeting to invest about R40-million on replacement of assets and R90-million on expansion in its present and related businesses Within that period the group is aiming at a debt to equity ratio of 50 50

Mr Byland says the economy has not revived as much as was expected But there are signs that the Government's stimulatory measures are beginning to show results Prospects for the coming year must therefore be reviewed against any further fiscal measures although business optimism does appear to be rising

The large sub-economic housing programmes, though a welcome, will barely offset the continuing decline of large building projects

The rate of decline in demand for cement sales has levelled off and a slight increase is forecast for 1979 Industry exports accounted for R47-million earned in foreign exchange Unrest in Iran, however, the biggest importer, has had an adverse effect on export sales but other markets are being explored Earnings will not be affected Demand for lime should continue strongly

The biggest bugbear to major investment expansion, however is selling prices Nowhere, he says, is there any indication that prices both in the controlled and freely priced sectors of the group will or can be increased sufficiently yet to justify any major capital expansion

X

(1)193 (3)~~136~~

(2)~~246~~ (4)~~138~~

X

Diamond cutting factories heading for boom

Own Correspondent

DURBAN — Diamond cutting factories in South Africa are heading for a boom The rapid expansion of the past two years has been given an extra lift by the signing of a new demarcation agreement, which came into effect on March 2

Race barriers are being broken down and the industry, which three years ago comprised about 1 000 white artisans, is now near the 3 000 mark — the new workers being Coloured operatives

Further expansion is expected this year

The original demarcation agreement was reached in 1976 after a ten week strike and laid down that operators could only saw diamonds up to 1,19 carats in size or polish sawn diamonds up to 0,60 carats in size

Further talks were held late last year and this year between the Diamond Workers Union and the Master Diamond Cutters Association in which the limits were raised to 1,69 carats for unsawn diamonds and 0,85 carats for sawn diamonds

Mr Robin Rich, secretary of the union, said this was a tremendous increase and an "unprecedented move for our union"

On the old demarcation, 60 percent of the work normally done by artisans is being done by operators The new rules will increase the operators share to "something like 70 to 75 percent"

Mr Rich said "Naturally, we must accept this but we beleive it will prove prejudical to our members and time will tell whether we are right or not"

Mr Hugo van Zwam, Association chairman, said "From the employers side, it will give the industry more flexibility in organizing its workers However, all guarantees to skilled workers are still effective"

The use of Coloured operators for handling small diamonds — known as melee — is possible because automatic machines have been introduced to handle this size of gem Operators do not have to undergo an apprenticeship as is the case with journeymen who are the only workers allowed to process the larger diamonds

This breakthrough, which is rapidly creating a small diamond industry comparable to the Israeli or Indian pattern — although employment is not as high yet — was made possible by recognizing that operators could handle small diamonds and that they did not need the skills of journeymen

As the diamond mines are dug ever deeper, the size of diamonds becomes smaller Even new mines produce small diamonds

X X

Manufacturing index higher

PRETORIA — The index of the physical volume of manufacturing production for the period November, 1978, to January, 1979, stood at 195,0 — an increase of 1,6 percent compared with the period from August to October, 1978

The base is 1963-64 equals 100 and the figures are seasonlly adjusted — Sapa

HUNTERS ENTERPRISES

ANALYSIS OF ERROR		BALANCING ADJUSTMENT BEFORE DISCOVERY OF ERROR		FINAL CORRECTING ERRORS		
(1)	T.B. not affec					
	Acc. Rec. Cont	110		Bad Debts	110	
			110	(or Provision for D.D.)		
				Acc. Rec. Suspense		110
(2)	T.B. not affect					
	Acc. Rec. Contr	100		Acc. Rec. Control (also to individuals account)	100	
			100	Acc. Rec. Suspense		100
	Acc. Pay. Contr	100		Acc. Pay. Suspense	100	
			100	Acc. Pay. Control (also to individuals account)		100
(3) (i)	Incorrect post					
	T.B. : Dr.> C			G.L. Suspense	90	
			90	Acc. Rec. Suspense		90
	Acc. Rec. Cont	90				
			90			
(ii)	Overcasting					
	T.B. not affec					
	Acc. Rec. Cont	100		Acc. Rec. Suspense	100	
			100	Returns Inwards		100
(4)	T.B. not affec					
	Acc. Rec. Cont	90		Acc. Rec. Suspense	90	
			90	Acc. Rec. Control		90
				(- Callan & Co.		90)
	Acc. Pay. Conti	90		Acc. Pay. Suspense	90	
			90	Acc. Pay. Control		90
				(- Callan & Co.		90)
				Acc. Pay. Control	90	
				(- Callan & Co.	90)	
				Acc. Rec. Control		90
				(- Callan & Co.		90)

DIAMOND CUTTING

Adding lustre

The SA diamond cutting busine[illegible] booming with exports of polished stones up 60% to R[illegible] for the first 10 months of last year compared with the same period in 1977.

At the same time employment in the industry has jumped from 1 000 to [illegible] since coloureds and Indians were permitted to work on [illegible]

four to five grainers (1,19 carats in the rough) at the end of 1976. Things can only get better now that an industrial tribunal has upped the limit to 1,69 carats, a decision which has been accepted by the Diamond Workers' Union. It bitterly opposed the first move.

[illegible] the international market last year was exceptionally good one contributing factor to the surge in export sales of worked stone was the "sight" surcharge imposed by De Beers Central Selling Organisation. (The surcharge started at 40% in April, decreasing monthly to nil in October when the price was raised an average 30%.) This was done to deflate the speculative element in the market and remove potential price instability.

However, scrapping the colour bar was probably the single most important factor. Smaller stones were previously all exported unworked because of the unavailability of cheaper labour. Higher paid whites worked mainly on larger stones although apprentices cut their teeth on the smaller gems.

This move is in keeping with the Department of Mines' policy that all SA production of diamonds should be worked locally.

It is difficult to arrive at an accurate estimate of the volume of diamonds that are processed in SA, although a mines official puts it as high as 80% of total output. But a calculation based on export statistics (where rough exports totalled R565m for January-October 1978 compared with R515m in 1977) shows that about 22% are cut and polished here (1977: 15%).

The advantages of allowing semi-skilled operators in the cutting business are substantial. Estimates are that currently 9 000 people are living off the new small stone industry and with virtually no skilled input in the business the number is likely to grow.

The mean added value of a rough stone that has been cut and polished is about 25%. This includes costs like labour and insurance, while profit is also taken into account, but obviously varies from stone to stone.

With the price of small stones currently about R190 per carat in the rough and production costs running at R35 a carat, a polished stone will have to be marketed at around R500 a carat (assuming a 40% recovery) for the operation to be profitable, according to one diamond cutter.

Since the labour policy was opened up, mouths are being fed, foreign exchange coffers are being filled and labour shortages are being alleviated. And if local production is to be stepped up, operators will have to be moved into the skilled category. The experience of the diamond cutting business provides a lesson for all of SA industry.

Minerals production up R800m on 1978

193

19/6/79

By Harold Fridjhon

Production of minerals during the first four months of this year has leapt by nearly R800m to a total of R2 800m compared with January to April output in 1978.

Gold was responsible for more than half of the increase, rising from R1 104m during the first third of last year to R1 527m for the comparable period of 1979 but the output of most other metals and minerals showed a distinct upwards trend and made a major contribution to export earnings.

These rose to R2 410m from R1 758m if one regards the entire gold output as being on account of exports

On an annualised rate, mineral exports are now running at R7 230m compared with R5 810m for last year. Should exports continue at this rate, it would mean that South Africa is earning sufficient to meet more than half of the excess cost of oil before allowing for the savings which the current fuel restrictions are supposed to make.

GOOD READING

For shareholders in Cons Murch, the current export figures make good reading Export sales for the first four months are R6,3m compared with R1,5m in the first four months of last year.

● While export figures for chrome in the four month period are down from R21,3m to R13,9m, local usage of chrome has jumped from R7,9m to R10.4m which is under them with foreign sales dropping from R35,8m to R27,6m, on the other hand, it is possible that some shipments didn't come into account for the end of the four month period

● The coal industry's performance is most impressive. Exports have risen from R106m to 33m with the tonnage passing through the ports now at an annualised rate of 18m tons a year

● The intriguing heading "miscellaneous" used by the Minerals Bureau which compiles the statistics to prevent the identification of sales and exports of uranium, platinum, nickel and other sensitive products

LOCAL USAGE

In the four month period of this year, miscellaneous sales are shown as R280m (against R187m last year) of which R40m is shown as local usage this year, no local usage last year

● Platinum is partly responsible for the increase — and with it nickel On the other hand South Africa has "lost" some of its platinum, statistically to Bophuthatswana because that newly independent state is now compiling its own output records But the increased platinum price is a big factor

● About uranium, one can only guess that output is going up from gold mines' reporting.

The importance of the "miscellaneous" heading cannot be over-stated; as an earner of foreign exchange, the metals in this section rank after gold, assuming that part of the diamond output of R256m is diverted to the local diamond cutting industry

TONCORO F.M 13/7/79

On target

193

"Swift and fair" treatment by the Price Controller of the brick industry's recent application for price increases (prices were raised by between 1% and 8% on July 7) will save Toncoro almost R1,5m a year

Toncoro, which supplies almost 53% of SA's brick needs, would have suffered extra fuel costs of R1,75m had it not been for "stringent economy measures", chairman Jack Robertson told shareholders at this week's agm

So, after absorbing some of the higher fuel-related costs and being able to pass on the bulk of the burden to consumers, the company was back on budget in the first two months of this financial year In his May 16 annual review, Robertson forecast a "material improvement" in earnings for the 1980 year This was later quantified as a rise of 22% to 17,2c a share While this largely stems from the inclusion for the full year of Primrose and Coronation earnings, no allowance was made for higher sales or the recent price increases

Robertson's agm message supports one analyst's prediction that Toncoro is headed for 20c this year From this an inflation adjustment is likely to be deducted, leaving a net 18c If cover of 2,5 times is adopted (the five-year average is 2,4 and last year's cover was 2,8 times) a dividend increase of 2c to 7c is likely

To achieve this, no more than a modest increase in brick sales is needed, while spare production capacity, says Robertson, will continue to be used to supply quarry tiles to Europe "over the next few months" Well placed for any upturn in demand, the company has over 100m bricks stockpiled Toncoro is now also actively encouraging cost savings within the group An example is the current investigation into replacing diesel powered transport and quarry equipment with electric units

At 145c the share yields 3,4% historically, and a prospective 4,8% In view of Robertson's expectation of a slowdown in growth patterns it looks as though the market is confident of Toncoro raising that dividend through sheer efficiency

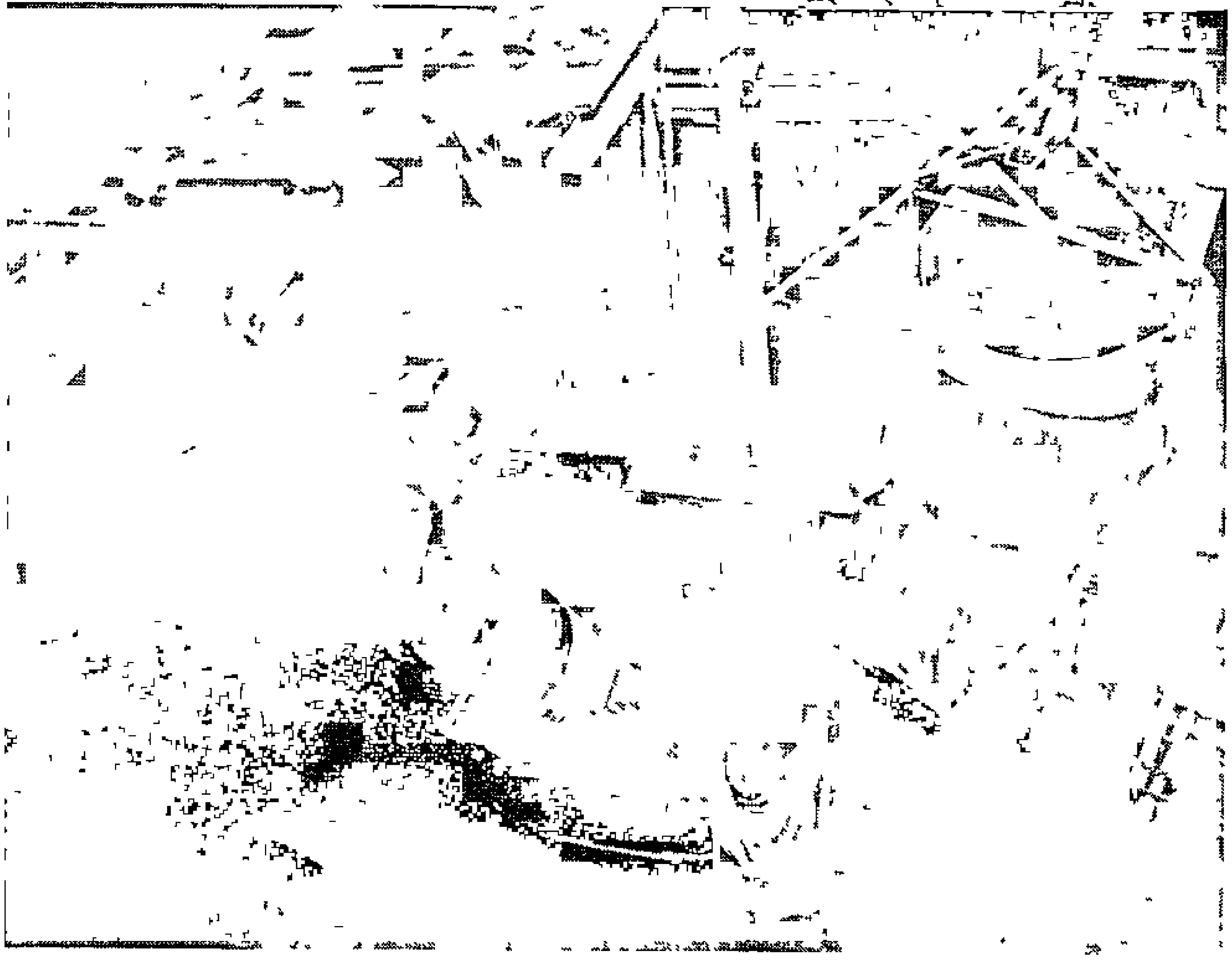
Ian Muil

CEMENT PRODUCTION F.M 13/7/79 193

The hard facts

The continuing recession in the civil engineering industry, along with the loss of the Iranian export market, has hit local cement producers hard over the past year

According to SA Cement Producers' Association director Hennie du Toit, total production in the 12 months ended June 30



Mixing cement . . . but who needs it?

is not expected to match the previous year's 6,71 Mt, and up to the end of May had reached only 6,03 Mt Domestic consumption may just beat last year's 5,84 Mt, he reckons, but exports have been cut by more than half

In the Association's financial year ended June 30, 1978, SA's cement exports amounted to some 900 000 t Iran, at that time, absorbed almost 6% of SA's total output, or more than 400 000 t of its exports In the year just ended, however, du Toit expects exports to drop to about 460 000 t, with the major markets in the Indian Ocean islands Du Toit warns that this figure still includes some exports to Iran, and the new year may be even more difficult

The loss of Iran's 3 Mt-4 Mt a year to the world market has meant that international prices have eased through overproduction SA's prices are consequently some \$3-\$4/t higher than overseas

"Unless our export orders are particularly large," reckons Blue Circle Cement chief executive Trevor Coulson, "SA manufacturers, situated far from the coast, are not always competitive in foreign markets"

SA had the advantage of being fairly well known in the Shah's Iran, and its cement commanded a premium But now, despite considerable interest from Sri Lanka, Hong Kong, Somalia and other new markets, the current price structure is causing a "100% fatality rate on these enquiries," says one exporter So far, he adds, there seems little chance of returning SA exports to the levels of two years ago

However, the market could soon correct itself Egypt is capable of taking up some of the slack in the cement market, being flush with US dollars at present, while European prices may soon begin to move up as the fuel crisis hits their oil fired kilns South African kilns are generally coal-fired

Local production capacity utilisation, however, continues to decline Du Toit reckons the portion of factory capacity being used has slipped from 75% last year to about 70% at present, although part of this decline is attributable to the continuing shift from the older "wet" plants to more efficient "dry" production

The Association won't be looking for a further price hike this year, after April's 5% jump, says du Toit, unless there is an unexpected increase in rail tariffs or other costs of production, in which case prices may be adjusted to assure producers of the 10% return on capital allowed them by government

Plate Glass profits blaze ahead

S. Times 2/12/79

193

By JOHN SPIRA

PLATE Glass & Shatterprufe Industries, the world's largest supplier of glass and mirror products, earned R7,8-million in the six months to September 30, 1979 — nearly 50% more than in the whole of last year

The group is looking for record earnings of 100c a share in the full year to March, 1980 If achieved, this would top the previous record (set in 1976) by a full 35%

With Plate Glass acting as a leading supplier to the building, furniture and automotive industries, the results are a good barometer of the state of the South African economy in general and these three industries in particular

Analysis of the interim report shows that the earnings upsurge has been achieved on sales virtually unchanged from last year.

Executive chairman Bertie Lubner attributes this to the elimination of loss-making operations, the reduced cost of borrowings and an all-round improvement in productivity

Many of the group's top management team, which were formerly devoting much of their time to turning around the loss-makers, have now been freed to devote their full attention to more profitable areas of business

"Virtually all South African operations of the group performed markedly better and in many instances achieved record profits," Mr Lubner tells Business Times

He adds, "Sales since September have continued at a high level and those for the second half of the year — although this includes the holiday period — are budgeted almost to match the first six months and, therefore, earnings of 100c for the full year are attainable"

A draft balance sheet — incorporated in the interim for the first time — shows that there was a marginal increase in assets employed during the six months just ended This was funded by retained earnings and bank borrowings

"The key ratios were essentially unchanged," comments Mr Lubner This underlines the tight financial controls being exercised as the group bounces back from the 1977-78 earnings slide

The improved liquidity situation has helped in the raising of the interim dividend from the 5c of the previous two years to a record 18c

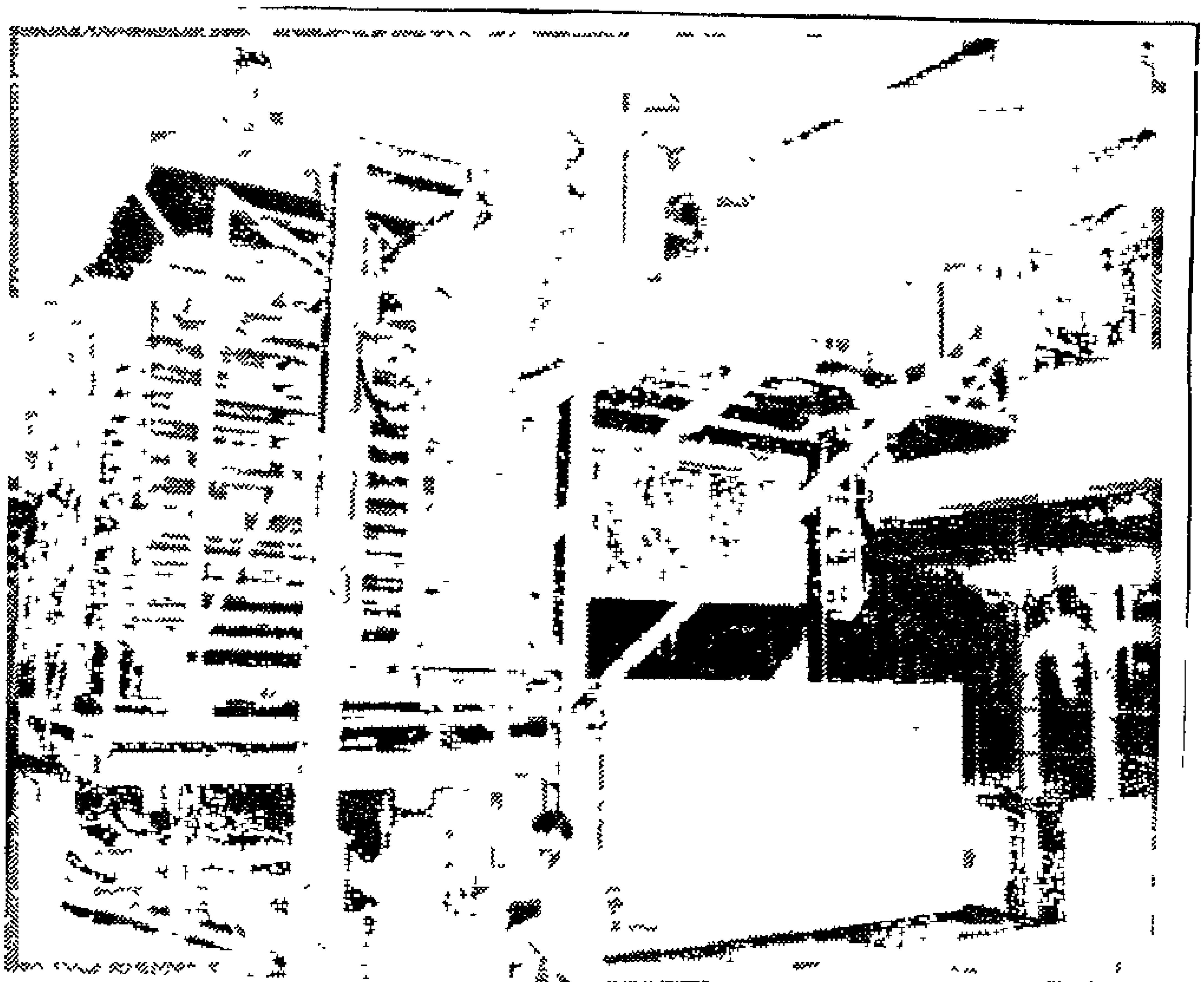
The interim shows that sales in the September half-year actually dipped by R790 000 to R107,4-million

But if the building supplies division, whose operations in South Africa have either been closed or disposed of, is stripped out of the figures to September, 1978, there has in fact been an R18-million surge in sales from the ongoing activities in Southern Africa, Australia, North America and Europe

Additional features of the interim report include

- The taxed profit of the Zimbabwe-Rhodesia subsidiary rose by 43% in the six months and contributed 10% of group profits
- Group trading profit jumped from R5,2-million to a record 13,2-million
- The tax rate dropped from 49% to 31% owing to turnarounds at companies which were previously making losses and to the allowance of certain cur-

●To Back Page



Part of the fully automated pres ing and impregnating plant of Laminate Industries, a Plate Glass subsidiary which makes decorative laminate.

Plate Glass blazes ahead

● From Page 1

rency losses in terms of the latest amendements to the Income Tax Act

- Net income attributable to ordinary shareholders leapt from R1,9-million to R7,8-million, with earnings per share rising from 13,4c to 52,5c
- To assist in eliminating the distortion caused by inflationary profits, serious consideration is being given to adopting the last in, first out (LIFO) method of stock valuation

Plate Glass's pyramid company, Placor Holdings, draws virtually its entire income from PG's dividends Placor has accordingly declared a record interim of 6,3c a share — considerably higher than last year s 1,8c

Last year PG s distribution was covered 2,6 times by earnings If the 1979-80 earnings target of 100c is achieved and last year s cover is maintained, total dividends for the current year will be 38,5c

At the ruling 430c the shares are therefore trading on an indicated yield of 9% — 50% higher than the JSE industrial average PG shares, along with those of Placor, are therefore substantially undervalued

Plate Glass has manufacturing plants in Southern Africa and Australia, 137 warehouses and retail outlets in Africa, 48 in Australia and 30 in the United States

Some 80% of its earnings are derived locally, with the balance coming from foreign sources

	W M	W F	A M	A F	C M	C F
0-1	0,17	0,13	0,00	0,21	0,06	0
1-4	0,03	0,07	0,07	0,00	0,07	0
5-24	0,09	0,05	0,07	0,05	0,06	0
25-44	0,26	0,33	0,21	0,26	0,54	0,
45-64	3,01	2,58	1,47	2,19	5,10	2,
65+	12,24	7,26	4,70	5,18	12,59	7,
ALL	1,41	1,21	0,36	0,43	1,03	0,

ALL	0,05	0,08	0,12	0,18	0,28
No.	114	173	43	63	316

II

S. Times 2/12/79 193

Con Glas: It's not all roses being a monopoly

Jan Robbertze ... "a continual commitment to invest and update."

'No alternative but to serve everybody'

ONE WAY of doing well in an exercise like the Business Times Top 100 Companies is to start from a low base — but too low and you're disqualified.

Although Consolidated Glass has a record of acceptable growth as far back as 1970, with dividends increasing from 12,5c to 40c a share since then, managing director Jan Robbertze sees this as one of the main reasons for his company's steady climb up the league table in recent years

It was 49th in 1977, 14th last year, and now 10th

"Our profits were simply unacceptable in relation to either turnover or assets Also, this is a tremendously capital-intensive industry with a fast-moving technology

"There's thus a continual commitment to invest and update, and I think we've felt the benefits of that as well "

While Con Glas is, on the face of it, a monopoly, Mr Robbertze stresses that this is not an unmixed blessing

"We can't always choose which markets to serve, we have to serve them all We couldn't, for instance, just take a decision to get out of (say) milk bottles.

"Anyway, even if we are the only producer of glass containers, I know of no single customer-industry group where there are not alternative packages

"In some we actually have less of the market than the international norms In food, for instance, where cans became the normal way of packaging export preserved fruit and jam, and hence widely used in domestic sales, we have had much less of the market than in either Europe or the US

"I would say that glass actually lagged behind, and that in the past few years we've made up some leeway

"It may sound trite, but the big thing in this industry is manpower and machine productivity

"We derive tremendous benefit from our association with Owens-Illinois, of the US (which also has a minority shareholding)

"Not only do we have access to worldwide research — Owens-Illinois itself spends R50-million a year, to say nothing of what associates in Europe and Australia do — but we have access to monthly operating statistics from 84 plants around the world

"We monitor our performance against these very closely We've improved steadily, and we now figure consistently in the top 10% "

Like most successful companies, Con Glas spends a lot of time and effort on training Being a continuous process — seven days a week, 52 weeks a year — Con Glas has had recruiting problems which it has attempted to solve by taking relatively unskilled labour, upgrading it and paying well

This has succeeded in creating a stable and contented work force Inadvertently, Con Glas has also undergone an extensive change of top management in recent years

Mr Robbertze explains "Con Glas really got off the ground just after the war, and the people who started it were all much of an age In the way of things, we had a bunching-up of retirements about five years ago Now, most of our top management are in their 30s or early 40s "

If, as Mr Robbertze says, growth in recent years has been to some extent a catching-up, it would seem to follow that a slowing down could be in prospect

The company in fact recognises this, in its expressed intention to diversify both organically and by acquisition (it is highly liquid with virtually no borrowings, and R9-million in cash)

Says Mr Robbertze "We're not as broadly based as we would like to be Until a couple of years ago, we didn't take plastics seriously enough

"We've put that misconception out of our minds, and plastics are now a growing part of our business

"We're also introducing new glass products toughened glass, coloured glass glass tableware is doing well, too In addition to continuing to invest heavily in our traditional businesses, we are continually seeking acquisitions in which to put our mobilised funds to use

"Our objective must be to earn a greater proportion of profits in areas other than glass packaging

"The trouble is, there's not all that much on offer, and when we do get propositions they tend to be at PE ratios of 10 or 12, which is not what we're after

"We'll never stop looking, but we're simply going to have to find new ventures ourselves We're placing a lot of emphasis on internal new developments now "

Con Glass' achievement in the past few years, when the market has basically been flat, is strong testimony to its efficiency in its established primary field of glass containers

If these skills are indeed to be applied in a wider, but presumably related, field, the company's future development could be exciting

... political climate was tion. — Sapa.

Argus 3/12/79

193

Plate Glass fights back

AFTER two bad years, Plate Glass and Shatterprufe Industries has shown a substantial recovery in earnings to 52,6c a share in the six months to September.

In the same period in 1977 and 1978 earnings a share were 11,5c and 13,4c respectively.

Executive chairman, Mr Bertie Lubner, attributes the turn around to the elimination of loss-making operations and the reduced costs of borrowing as well as an improvement in productivity.

'Virtually all South African operations of the group performed markedly better and in many instances achieved record profits,' he says.

Income attributable to ordinary shareholders jumped from R1,9-million to R7,8-million.

Mr Lubner says sales have continued at a high level since September and forecasts earnings of 100c for the year

Placor Holdings, the pyramid company of Plate Glass, increased its interim dividend from 1,8c to 6,3c a share.

The dividend of Plate Glass is up from 5c to 18c.

FM 7/12/79 (193) ~~247~~

Record earnings
– 52c in first half
– 100c forecast for year

PLATE GLASS & SHATTERPRUFE INDUSTRIES LIMITED

Directors Morris Lubner (Life Chairman), B Lubner (Chairman) R Lubner (Vice-Chairman and Chief Executive) L N Levy (Deputy Chairman) B Brodie H Brodie, A Galombik P S Markles C B G Schoy (Neth), M W Scott N Werksman Alternate directors M Abramson C A Robinson

The abridged consolidated financial statements of the group and its associated companies were as follows

INCOME STATEMENTS

	Six months ended 30 September 1979 (unaudited) R'000	Six months ended 30 September 1978 (unaudited) R 000	Financial year ended 31 March 1979 R'000
Turnover	**107 404**	108 194	199 755
Net income before taxation, including dividends from associated companies	**13 179**	5 186	12 537
Taxation	**4 045**	2 562	5 337
Net income after taxation	**9 134**	2 624	7 200
Share of retained income of associated companies	**379**	887	863
	9 513	3 511	8 063
Outside shareholders' interest	**1 148**	1 004	1 588
	8 365	2 507	6 475
Dividends on preference shares	**595**	598	1 197
Net income attributable to ordinary shareholders, before non trading items	**7 770**	1 909	5 278
Non-trading items	**310**	(670)	(417)
	8 080	1 239	4 861
Dividends on ordinary shares	**2 669**	714	2 000
Retained income	**5 411**	525	2 861
Fully-paid ordinary shares in issue	**14 773 316**	14 289 316	14 289 316
Earnings per ordinary share, before non-trading items	**52,6c**	13,4c	36,9c
Dividends	**18,0c**	5,0c	14,0c
Cover	**2,92**	2 68	2 63

BALANCE SHEETS

	30 September 1979 R'000	30 September 1978 R'000	31 March 1979 R'000
Ordinary shareholders' interest	**71 086**	62 715	64 350
Preference share capital	**13 417**	13 517	13 417
Interests of outside shareholders in subsidiaries	**11 145**	9 610	9 895
	95 648	85 842	87 662
Long-term liabilities	**26 654**	25 831	30 094
	122 302	111 673	117 756
Fixed assets	**53 876**	53 925	52 644
Interests in associated companies	**23 078**	20 664	22 987
Loan portion of taxation	**1 897**	1 605	1 640
Net current assets	**43 451**	35 479	40 485
Current assets	**104 615**	101 020	95 906
Current liabilities	**61 164**	65 541	55 421
	122 302	111 673	117 756

Littero

Mr von 1

F.M. 7/12/79
(193)

PLATE GLASS

Shattering records

Plate Glass looks like setting a new record with earnings of well over 100c this year following the 393% improvement in the six months to end-September This was largely due to improved management, for although demand for timber and glass — PG's main products — accelerated with improved conditions in the building industry, turnover declined to R107,4m (R108,2m)

However, the directors point out that adjusted turnover figures, which take account of closed outlets, reflect a 20,2% rise And, largely as a result of its policy to close loss-making operations, PG increased pre-tax profit by 254,1% to R13,2m (R5,2m).

Reduced borrowings, resulting in a lower interest bill, and generally improved productivity due to higher utilisation of the remaining outlets, obviously also helped push pre-tax margins up to 12,3% (4,8%).

At the attributable level, profit rose an even higher 407,0% to R7,8m (R1,9m) due mainly to tax offsets resulting from losses incurred in the previous period The tax rate declined to 30,7% (49,4%)

Outside shareholders' share of profit, which rose only marginally to R1,1m (R1,0m), the gearing effect of R595 000 pref dividend and a decline to R379 000 (R887 000) in associates' interest in retained income, also played a part in the 393% earnings rise to 52,6c (13 4c)

The magnitude of the improvement was not foreseen by the directors, who point out that with the exception of associate Fibre Glass SA, all divisions did exceptionally well Even the ZR subsidiary improved its taxed profit by 43%, contributing 10% to the overall result

Although the directors forecast slightly

Plate Glass' Bertie Lubner . . . effecting better management

lower second-half earnings of 47c, implementation of the five point strategy aimed at improving results, further sales growth in the second half and management's record of under-forecasting, second-half profit could be higher So the final dividend could be 35c (9c) which, with the 18c (5c) interim, puts the share at its current 470c on an 11,2% prospective yield

On this basis, listed pyramid Placor, which owns slightly less than 50% of PG, would receive over R2,5m which it could distribute almost entirely for an 11,7c (3,2c) final With the interim of 6,3c (1,8c), at 165c, Placor yields a prospective 10,9%

Peter Pittendrigh

193

MANUF. – Non-metallic minerals

1-1-80 – 31-12-80

Cement prices

Hans 16 Ques Co 1326 ~~344~~ 193

669 Mr R J LORIMER asked the Minister of Commerce and Consumer Affairs 3/6/80

Whether cement prices have been increased since 23 April 1979, if so, (a) on how many occasions and (b) what was the amount of the increase on each occasion?

The MINISTER OF COMMERCE AND CONSUMER AFFAIRS

Yes (a) Once, apart from the increase which came into effect on 23 April 1979, (b) since 1 April 1980 the price has been increased by 20,11 cent per 50 kg plus a weighted average of 7,3 cent per 50 kg in respect of increased railage cost.

Hansard

5(2.87) Transformer oil
3 3 20 193

322 Mr N B V CUD asked the Minister of Industries

(1) (a) What quantity of transformer oil is annually refined in the Republic, (b) what percentage of this oil is available for re-refining or regeneration and (c) what quantity is actually regenerated annually;

(2) whether he will consider steps to make the regeneration of such oil compulsory; if not, why not?

The MINISTER OF INDUSTRIES

(1) (a), (b) and (c) This is entirely a private sector matter and such information in regard thereto is being collated by the Department of Industries and

(2) yes

Talks on sacking of 300 diamond cutters

Staff Reporter

A LABOUR Party deputation is to meet the management of a Salt River diamond cutting firm which has fired 300 coloured diamond cutters — the company's entire staff.

The national chairman of the Labour Party, Mr David Curry, confirmed yesterday that the manager of Electronic Diamond Processing, Mr [illegible], had agreed to meet a delegation to discuss the move.

The 300 employees were all [illegible] letters [illegible] from [illegible] due to unforeseen circumstances their services were no longer required. Some were given a week's notice, others a month.

Mr Curry said he had been informed that pressure from white workers had forced the sacking.

German asbestos factory in move to Cape

(83)

ARGUS 6/2/80

(193)

Property Editor

DEUTSCHE - Kap - Asbest-Werke, a West German firm manufacturing asbestos products, is to move its entire operation to Philippi, in a R4-million operation. The machinery is being brought here in containers and the new factory, which will cost R1,7-million, will employ 200.

A South African company, Kapasit Asbestos (Pty) Ltd, has been formed for the move. It will make asbestos yarns and fabrics for local consumption and for export.

The decision to move followed difficulty at the parent factory in ensuring continuing profitability of operations because of high labour costs and restricting influence of trade unions

MODERN PLANT

The German plant, one of the most modern in the world, has clearance from the German equivalent of the CSIR for cleanliness and good health standards

A contract for building the new factory will be signed soon between the firm and the contractors, Dura Construction

Building of the 10 000 sq m factory, on the corner of the Stock and Rochester Roads, will start soon and should be complete in October.

Star 22/2/82

(193)

Serious brick shortage delays building contracts

Brick shortages throughout the country are 'murdering' building contractors — with one operator facing a backlog of 300 houses because of six month delivery delays.

One of the largest contractors in the country is battling against delays of 300 000 face bricks for as long as four months. At 30 000 bricks for every house built, this means more than 160 houses are behind schedule.

Mr Mike Manning, managing director of a contractor specialising in large contracts for schools, recreation clubs and similar projects said the delays 'are murdering us. We just cannot stick to time schedules because of the brick shortage."

He [illegible] that on new contracts they are facing delays of three months and upwards before we can get a brick on the site.'

He said his teams use about 100 000 bricks a week. At the moment his company is held back on contracts for a recreation club, a container terminal for the Railways, the Alberton high school extensions to the Avril Elizabeth Home in Germiston and two schools in Benoni.

Mr Blair Ewing, director of a large building contractor company on the Reef said the delays come principally with face [illegible] colour bricks.

'For every month's delay, and this can be up to six months, costs of building go up by two percent or R800 on a R40 000 house.'

He said nationally 20 000 houses are planned for this year. 'If it takes four to five months to build one house you can work out what the delays mean.'

193

PROPERTY

RDM 27/2/80.

Building an R18m scheme to meet the building boom

PROPERTY REPORTER

SHORTAGES of certain building materials, as well as rising prices, are beginning to be more and more felt as the tempo of the general housing and construction boom accelerates

A particular problem is bricks, where the shortage in some areas is acute

There are, however various expansion plans being prepared to increase brick-making capacity

One of the key pace-setters is Corobrik of Tongaat Corogroup which is quoted on the Johannesburg Stock Exchange, and is in the process of an R18 million investment programme

Corobrik will this year produce an extra 220-million bricks — equal to 8 800 extra houses of standard size

Mr Dick Kemp, chief executive of Corobrik, says that last year the company employed more design engineers and draughtsmen to build new works — and now the group wants more skilled men

He says 'We need these people to complete our programme of production expansion

"When the brick shortage suddenly developed on the Reef in the second half of 1979 Corobrik did a crash programme of re-opening the existing works or parts of works in mothballs and achieved an additional production of [illegible] million bricks a year

Corobrik is now involved in its 1979 brick factory building programme which will add 107 million bricks a year

The re-commissioning programme has helped employment in Bedfordview, Roodepoort, Springs, Witbank and Fortress

This year new works at Odendaalsrus and Henley together with a further increase of production at Klerksdorp will mean yet again more jobs available

Mr Kemp says "We prepared long in advance of this recovery (in the building industry) and are now moving fast to meet the market demands "

It is, of course, not just bricks and other materials that are in tight supply

Labour remains a constant problem

Mr R L Stevenson, the president of the Building Industries' Federation, says in the "SA Builder" "The upturn in building activity is here to stay and builders can expect an increasing volume of work to come their way

'After four years of struggling and scrambling for jobs this can only be good news for everyone in the building industry

"But few things in life are unmixed blessings and the rising boom in building is no exception

"The bad news is the growing shortage of skilled labour at almost every level in the industry

'In some areas skills are already in very short supply So short, in [illegible] that [illegible] councils are receiving complaints that contractors are poaching and after examination the council representatives have had to remand not only fly-by-nights of the trade but members of the Master Builders' Association for enticement

"This can only fuel the likes of inflation "

Mr Stevenson says 'This brings home most forcibly the need for organised building to get down seriously to train workers for industry at every level of skill

'For years before the upturn began leading figures in Bifsa harped on the need to develop training facilities

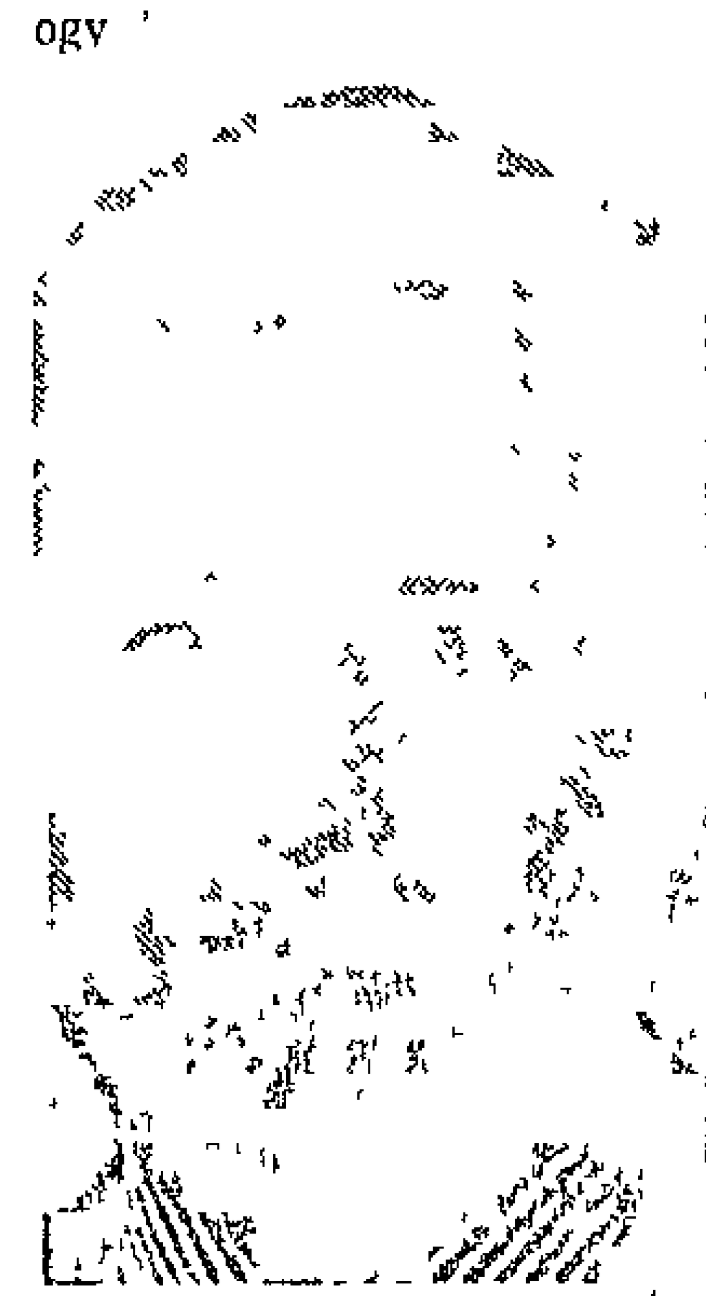
' In the days of low demand it sounded just like so much talk

"But now that labour bottlenecks are showing up all over the place those warnings take on a new seriousness

"Bifsa has not been sleeping and its training facilities are expanding in a most practical fashion

' But it is not enough for organised building to carry the whole burden

"Every builder has a duty to do something about the continued need for retraining and mid-career education to meet the needs of modern technology '



John Ely, a member of the Royal Institution of Chartered Surveyors and the Institute of Valuers, has been appointed a director of Willf Isaacs (Pty) Ltd.

Increase in price of bricks sought

DURBAN — An application is being drawn up for an increase in the price of bricks. It will be submitted to the price controller shortly, it was revealed in Durban today.

The managing director of the Tongaat Coro Group, Mr Cedric Savage, said the cost of brick production had been hard hit by increases in products like oil and coal, which were major items, while other costs like transport and wages had also escalated.

The building boom throughout the country had created a shortage of bricks in the Transvaal and Free State, while demand was being met in the Western Cape. But Natal had a three-month surplus.

He said the application for the increase was still being determined, and he would be in a position to reveal the amount applied for in about three weeks.

38. For example see Michael Williams, An Analysis of South African Capitalism: Neo-Ricardianism or Neo-marxism? <u>Bulletin of the Conference of Socialist Economists</u>, iv, 1, February, 1975.

37. For a lucid discussion on the distinguishing features see Maurice Dobb, <u>Theories of Value and Distribution Since Adam Smith</u>, Cambridge University Press, 1973, pp. 151-154.

193

RDM 18/3/80.

Anglo-Alpha will cash in on boom

By DON ROBERTSON

ANGLO-Alpha Cement is budgeting for a 20% increase in turnover in the current financial year and is looking for a further improvement in earnings, although not at the same rate as experienced in 1979

Boosting group enthusiasm is the encouraging attitude from the Price Controller regarding a possible review of the cement price this year

In his report for the year to December, the chairman, Mr H Byland, says the Price Controller has indicated that a 12,5% return on capital before tax and interest will be applied in 1980 and 15% thereafter This compares with the 10% return allowed since 1975

Mr Byland says that in periods of stable costs this will probably represent an attractive return

However, during periods of rapid cost escalation and as price increases are only granted after the completion of the period under review, selling prices lag behind cost increases and the industry's effective return can be expected to be between 3% and 4% lower

This, he says, is insufficient to attract investment or generate sufficient cash flow to finance, either internally or through loans necessary capital projects

A 10-year cash flow projection submitted by the industry indicates that if the price formula continues to be applied on the previous basis, it will be unable to finance replacement projects or expansion

The need to embark immediately on new capital projects is obvious in view of the expected boom in the building industry

Capacity utilisations by the industry have been predicted at 91% for the industry by 1982 Past experience has shown that before the 90% capacity figure is reached, supply problems occur because of the construction industry's seasonal pattern

"Traditionally, the cement industry tries to build additional capacity before 85% utilisation is reached Decisions on replacement and expansion are therefore urgent as orders placed now would result in plants being commissioned, at the earliest, in the first half of 1983"

Nevertheless, the company is sufficiently optimistic about the future and has included in its five-year plan and 10-year funding projection, replacement and expansion projects in the cement division to at least maintain its market share

"No decisions or commitments to proceed have been made in this respect, but it is hoped that the basis to do so will be accepted by the Price Controller during 1980," says Mr Byland

In addition, a further approach has been made to the authorities to eliminate or reduce price control on stone products

Mr Byland says the economy has turned the corner and the growth rate in the building and construction industry this year will be high It is expected that domestic demand for cement will increase by about 8% while lime and stone demand will rise by about 10% and 11% respectively

The group, however, is not totally dependent on the cement industry for its earnings Last year, cement provided only 42% of income, with other interests contributing the balance

With this in mind, the company plans to drop the word cement, from its name

193 RDM 20/3/80

Cement may spend R500m

SOUTH AFRICA'S cement industry faces spending of R500-million in the next 10 years. If demand continues to increase at an average rate of 5% over the next three years, the present surplus capacity will be taken up, says the annual review of the South African Cement Producers Association..

South Africa's infrastructure must be extended beyond all recognition to provide an improved standard of living for a population expected to nearly double by the year 2000, according to the association

"The country will need more harbours, railways, roads, power stations, airfields, dams, factories, houses and flats," according to the review

This makes the cement industry of vital strategic importance "Expansion programmes totalling in excess of R100-million have been embarked upon."

Kilns were being built at De Hoek in the Cape and at Lichtenburg in the Transvaal They are due for completion this year and next year

"We have confidence — provided the Government continues with its announced plan to create a stable political and economic framework within which free enterprise will be able to perform its role — that this industry will play its part effectively "

Domestic cement sales totalled slightly more than 6-million tons last year, a 4,5% improvement on those of 1978, but nearly a million tons short of the record 7-million tons in 1974

However, sales last November were 9% higher than for the corresponding month in 1978

But even though domestic sales for the year were 4,5% better than those of 1978, total sales fell short of the 6 700 000 tons sold in 1978 because of the loss of the principal export market — Iran

Bricks black market brings chaos to industry

STAR 24/3/80

193

By John Murray

Increases of up to 130 percent over the controlled price of bricks are bringing chaos to the home-building industry, which has already been ; by delays of up to a year in brick deliveries

Adding to the prospective homebuilder's problems, the increase in costs caused by the brick shortage — at least two percent for every month's delay

Several building concerns have called on the Government's Competition Board to investigate the brick industry, which is dominated by one large concern, Corobrick

The Government-controlled price on bricks is R50,50 a thousand stock bricks delivered, but profiteers are asking anything from R67 to R120 a thousand

This situation has been brought about by a building boom which has left the smaller builder struggling to get supplies of bricks

In some cases the smaller builder has been told he will have to wait up to a year for delivery of bricks

A brick and building supplies merchant who did not want to be named said 'Some smaller brickyards are exploiting the shortage

"There is racketeering, and merchants are cashing in on the situation"

The company charging R120 a thousand said it was railing one million bricks from Pietersburg to meet demands far exceeding supply

Additional charges were for railage, loading and road transport to site, it said

Corobrick, a Durban-based company which manufactures 600-million bricks a year said it was railing 140 000 stock brick a day from three points in Natal and was selling them for R100 a thousand delivered

Building concerns have called on the Competition Board to investigate the "chaos created when the Corobrick monopoly became effective"

Builders say that while Corobrick is the only effective source of bricks, it now introduced supply quotas and credit guarantee restrictions

These slash potential business by 75 percent and destroy the trust existing when the small man supported Corobrick through the 1974 to 1979 recession, they say

A contractor-merchant who also did not want to be named said "Natal and Transvaal companies

Brick black market

22 193

From page 1

nies were promptly shut down

Mr Dick Kemp, chief executive of Tongaat said these comments were typical of those in times of trouble

"The fact that there are 22 other companies in the same line as ourselves in the Transvaal alone and that we have railed bricks from Natal to help the situation shows that they are not true"

Dr David Mouton, head of the Competition Board, said his board was aware "of a concentration in the brick industry", and that it acted on complaints or in some instances took the initiative to investigate possible monopolies

"But we have no intention at this stage of looking into the brick industry

'If anyone has complaints they can send them to us at PO Box X84, Pretoria"

Brick men probe black marketing

[illegible]

It's going to be a long [illegible]. Builder Charlie Drotsky and labourer [illegible] Nd[illegible]ato are almost out of bricks

Blocks take the place of bricks

RDM 25/5/80 (173)

Manufacturers are to double their production of cement blocks to 14 million a month to meet a soaring demand that has been increased by the Budget announcement this week on subsidised black housing loans.

The Minister of Finance, Senator Owen Horwood, said this week that R12-million is being set aside for low interest loans for housing and infrastructure in urban residential areas.

With a severe shortage in the clay brick industry and a six month delay for cement bricks, cement marketing manager Mr Tony Barron said "the block industry can cater for the demand, and a little bit more even."

He said at double capacity they would be producing the equivalent of 72 million stock bricks from one factory alone.

At R38 for a thousand blocks this will mean a monthly turnover of over R27 million.

Coming up against a brick (price) wall

S.U.K. (67) 29/8/81 (13)

Cement goes up by 16 percent and bricks by an average 13 percent on Tuesday

The increases will contribute to the expected 30 percent overall increase in building costs this year, say cement brick manufacturers and builders

The price of cement bricks go up by about R2 from R33, cement blocks by roughly the same and the cost of the common stock brick from R50,50 to R56,90 delivered up to the most expensive air brick from R351,60 to R393 60 delivered

Both increases will add a total four percent to the cost of an average house — R1 200 on a R30 000 home

Mr Hennie van Zyl, our economist of the Building Industries Federation said "We are not pleased with the increases."

He said the BIF opposed price control and wanted the system revised

VB (193)

15/80

Pretoria Portland Cement Company Ltd.

Member of the Barlow Rand Group

(Incorporated in the Republic of South Africa)

Directors G H Bulterman (Chairman) J P Cronje (Deputy Chairman) G R Luyt (Managing Director) C N K Campbell J K E Douglas G W Dunningham J E Rudjk C N Hollmann Dr P J Piekert A M Ru holt Dr S P du T Viljoen
Alternate Directors C Hester C J Wrogemann

Interim Report for the six months ended 31 March 1980

RESULTS

The unaudited consolidated results of the Group for the six months ended 31 March 1980 together with the results for the corresponding period of the previous year and the audited results for the year ended 30 September 1979 are

	Six months ended 31 March			Year ended 30 Sep
	1980	1979	% increase/ (decrease)	1979
	R000 s	R000 s		R000 s
Turnover	77 403	63 877	21 2	138 009
Profit before taxation	19 462	16 132	20 6	37 849
Taxation	5 596	7 026	(20 4)	16 321
Profit after taxation	13 866	9 106	52 3	21 528
Attributable to outside shareholder in subsidiary	440	392	12 2	793
Consolidated net profit	13 426	8 714	54,1	20 735
Transfer to plant replacement reserve	4 065	2 631	54 5	5 997
Distributable profit	9 361	6 083	53 9	14 738
Dividends	2 487	1 661	49 7	5 303
Number of fully paid shares in issue ranking for earnings and dividends (000 s)	17 762	15 099	17,6	15 160
*Earnings per share on				
– Consolidated net profit	75 6c	58 2c	29 9	137 6c
– Distributable profit	52 7c	40 6c	29 8	97 8c
– Distributable profit excluding benefit of investment allowances	37 2c	39 8c	(6 5)	95 8c
Dividends per share	14,0c	11,0c	27 3	35 0c

*Calculated proportionately in respect of shares issued

Distributable profit

Divisional contributions to distributable profits were

	6 months to March 1980		6 months to March 1979	
	R000 s	%	R000 s	%
Cement	4 402	47	2 257	37
Lime	3 944	42	2 665	44
Paper Sacks, Investment and other	1 015	11	1 161	19
Total	9 361	100	6 083	100

Cement

Domestic demand has improved reflecting the increased level of activity in the building and construction industries Sales volumes for the 6 months were 1 469 919 tons compared with 1 372 874 tons for 1979 This trend is expected to continue for the next 6 months

The expansion programme at the De Hoek Works in the Cape to increase installed clinker capacity by 500 000 tons per annum is on schedule and commissioning is expected in September 1980 The total cost including quarry development and the bulk loading and packing plant is estimated at R63 million to completion of which R34 million has been spent

Lime

The continuing strong level of demand for lime resulted in a high level of utilisation of existing capacity

The current expansion programme estimated to cost R19 million of which R8 million has already been spent will increase capacity to 1 75 million tons per annum during 1980 Latest market estimates show an increasing demand for the products of the lime division for which further expansion has now been approved

PROSPECTS

The recently announced cement price increase effective 1 April 1980 will, in spite of escalating costs make a real contribution to the profitability and return on capital employed in the cement division This price increase coupled with the increasing activity in the building and construction industries should result in a substantial improvement in the cement division s earnings

The lime division has enjoyed a high level of demand for all its products and it is anticipated that this demand should continue for the remainder of this year

Other group activities are showing promising improvement

The favourable conditions now prevailing indicate that earnings per share for the current year should show a satisfactory improvement compared with those of last year

DIVIDENDS

An interim dividend of 14 cents per share (1979 11 cents) has been declared and a formal notice of this declaration is published herewith

CAPITAL EXPENDITURE

Capital expenditure estimated to be incurred during the next three years amounts to R94 million of which R34 million relates to the cement division, and R60 million to the lime division This expenditure is stated at current costs and is to be met from retained earnings and other facilities available

SHARE CAPITAL

The issued share capital and share premium at 31 March 1980 increased from R35 817 781 at 30 September 1979 to R36 085 873 arising from the receipt of the unpaid balance of the subscription price on 74 000 partly paid shares amounting to R239 010 (which included a premium of R91 750) in terms of the share incentive scheme less debenture issue expenses of R918 written off against the share premium account

The 2 527 664 A shares were redesignated as shares as from 1 October 1979 and participate in earnings and dividends for the current year

For and on behalf of the Board

G H BULTERMAN
Chairman

J P CRONJE
Deputy Chairman

7 May 1980

Declaration of Dividend Number 145

Notice is hereby given that Dividend No 145 of 14 cents per share has been declared as an interim dividend payable on 11 July 1980 to shareholders registered in the share register of the company at the close of business on 23 May 1980

The transfer books and register of members of the company in South Africa and the United Kingdom will be closed from 24 May 1980 to 30 May 1980 both days inclusive for the purpose of determining shareholders to whom the dividend will be paid Dividend warrants will be posted on or about 10 July 1980 to shareholders at their registered addresses or in accordance with their written instructions received up to and including 23 May 1980

The dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency for payment of the dividend from the United Kingdom Share Transfer Office will be the telegraphic rate of exchange between South Africa and the United Kingdom ruling on the first business day after 27 June 1980

In terms of the South African Income Tax Act, 1962, as amended a non-resident shareholders tax at the rate of 14 70 per cent will be imposed on dividends payable to

(a) Persons other than companies not ordinarily resident nor carrying on business in South Africa and

(b) Companies which are not South African companies,

and the company will accordingly deduct the tax from dividends payable to shareholders whose addresses in the share register are outside the Republic of South Africa

By order of the Board

F D W PEACHEY
Secretary

7 May 1980

193

2/5/80

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KAOLIN

Feat of clay

(193) 2/5/80

SA imports some 30 000 t a year of kaolin, a refined clay. Now most of it will be produced in Fish Hoek by ceramic clay producers Serina, a wholly owned subsidiary of Continental China Group.

Kaolin is used in the manufacture of ceramics, paper, pills (as well as in remedies for diarrhoea), fibre glass and paint. Serina's plant previously produced only ceramic grade kaolin — approximately 4 000 t a year — the lowest grade kaolin used exclusively in the manufacture of china.

The more refined grades — filler and coating — used in the manufacture of paper, pills, medicine, fibre glass and paint have never been produced in Africa.

Local companies use an estimated 20 000 t of filler clay and 18 000 t of coating clay annually, all of which is imported.

Says Serina's MD Manfred Pusch: "The new plant will manufacture a total of 20 000 t of kaolin a year, but it has the capacity to process 36 000 t.

"The plant will provide for the import replacement of most of the 30 000 t shipped in from Britain, the USA and East Germany annually at an import saving of R2m."

John Toerien, executive director of the Pharmaceutical Manufacturers' Association, says manufacturers will only buy locally produced kaolin if the price and quality is right.

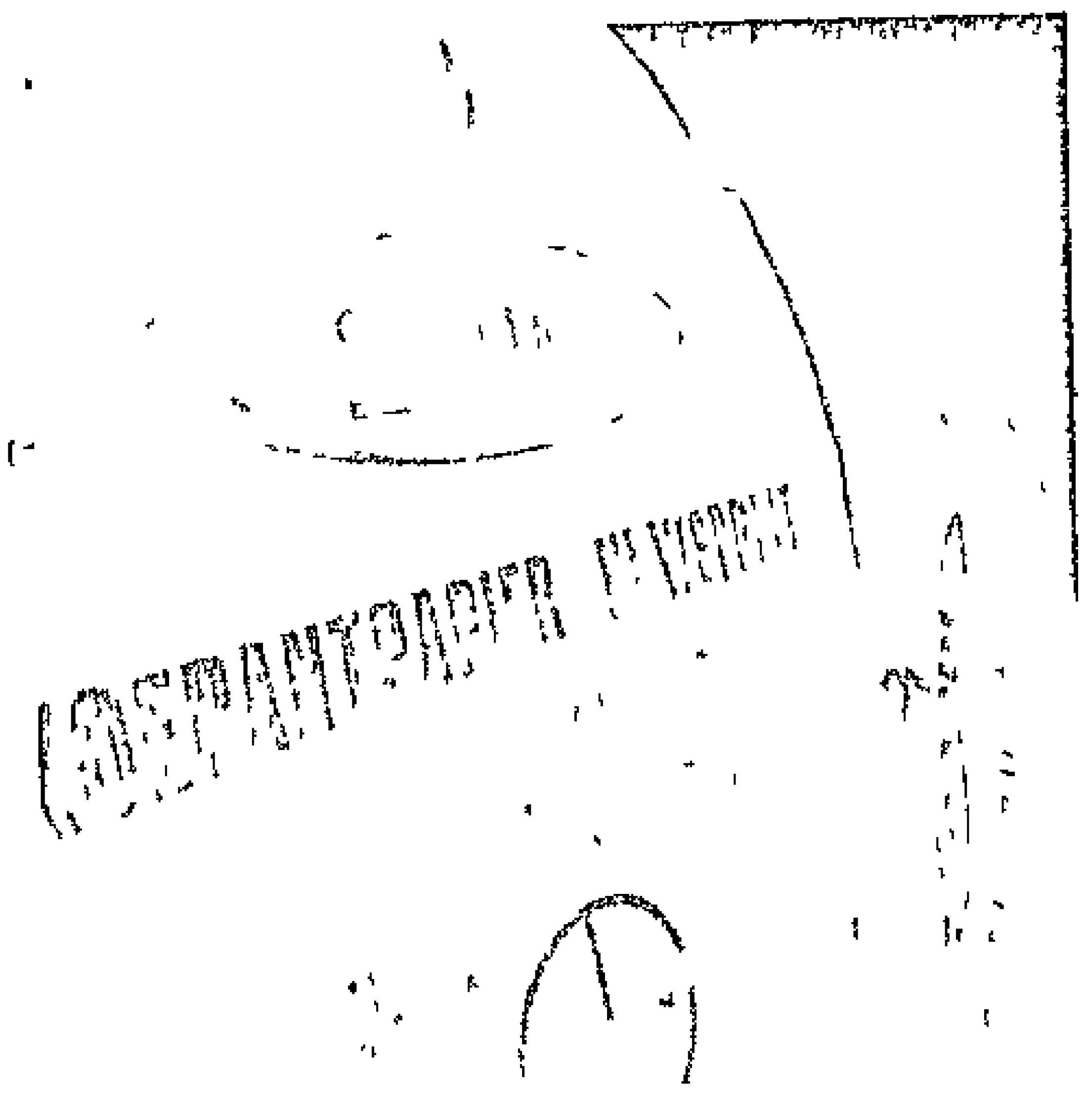
"Certain pills contain as much as 90% kaolin.

"Manufacturers will be happy to buy locally, but because all our medicines are registered the kaolin will have to be of as high a quality as that bought overseas."

The paper industry uses varying amounts of filler kaoline for different pulps. Super calender paper used for gravure magazine — contains 20% to 25% kaoline while writing or printing paper uses only 6% to 12%.

Coating kaolin — the most refined form of clay, which is used on paper after it's been pressed — is not being manufactured by Serina. But the company has launched an extensive research programme with Sappi to assess the viability of extending its plant.

"We've had to build up stocks in the past because Europe cannot supply us all the year round. Buying direct from the Cape will cut our costs in this regard and make our buying patterns simpler," a Sappi spokesman said.



Paper should be cheaper with local kaolin

[illegible] 2 1980

PP Cement to spend R94m

CDM 8/5/80

~~232~~

193

By HOWARD PREECE

PRETORIA Portland Cement has R94-million expansion plans over the next three years

This is disclosed in the interim report which shows net profit up by 54% from R8 714 000 to R13 426 000 for the six months to March 31

The interim dividend has been raised from 11c to 14c

PP Cement, which is controlled by Barlow Rand, benefited heavily from capital spending already in hand with a sharp reduction in tax incidence

Turnover for the half-year was up by 21% from R64-million to R77-million, mostly reflecting inflation but partly attributable to the general real upturn in the economy

In line with turnover, pre-tax profit rose by just under 21% from R16 132 000 to R19 462 000

Tax, however, fell from R7 026 000 to R5 596 000

This resulted in the 54% rise in consolidated net profit

PP Cement makes a special extra depreciation provision to match replacement costs and this deduction from net profit increased from R2 631 000 to R4 065 000

Earnings a share were diluted by the inclusion for ordinary dividend participation of more than 2 500 000 A shares that were issued in 1977 in securing 100% of Northern Lime

Before the extra depreciation, "transfer to plant replacement reserve", earnings a share rose by 30% from 58,2c to 75,6c

Deducting that transfer, earnings were up by the same percentage from 40,6c to 52,7c

COMMENT The R94-million expansion planned includes R60-million for the lime division Lime is classified as mining and does not qualify for manufacturing investment allowances although it does get assistance

Overall, the tax incidence could be higher next year

Cement, the main contributor to profits, is — unlike lime — price controlled and this is obviously a limiting factor as far as share investment is concerned

There was, however, a price increase from April 1 and this will be reflected in the second-half results

The Price Controller has also agreed to allow the return on capital employed to rise to 15% next year, although there are complications in the arithmetic here

PP Cement looks in good shape, in spite of the loss of most of its export business to Iran, but the shares are perhaps primarily institutional in their appeal

Cemenco higher

193

RDM 9/5/80

By ELIZABETH ROUSE

PROFITS are flowing in fast at The Cementation Company (Africa) with its large order books Interim taxed profits are up 24,8% and the interim dividend has been raised by 1,5c to 8,5c

Cemenco's attributable taxed profit for the six months to last March is an estimated R1 765 000 compared with R1 414 000 in the 1979 half-year. The dividend is well covered by earnings of 25,83c (22,33c)

Turnover rose by 46,7% to R36 038 000 from R24 605 000

The group had an order book of R82-million at the September 1979 yearend This augurs well for medium-term prospects as some contracts take time to complete

PP CEMENT Fm 9/5/80 (143)

Harder earnings

prize

The continuing expansion programme, a further lime profit increase and a higher controlled price for cement have put PP Cement in a sound position for solid growth in the second half

Helped by investment allowances distributable profit was 54% up in the half-year to March 31 at R9,4m (R6,1m) while turnover grew only 21,2% to R77,4m and pre-tax profit only 20,6% to R19,5m (R16,1m) Earnings were 30% up at 52,7c following conversion of the 'A' shares which did not previously rank for dividends and the interim dividend of 14c (11c) was covered 3,8 times (3,7) Cover will probably fall to the 2,8 times level of 1979 by year's end, but any further lowering is unlikely for some time

P1

P2

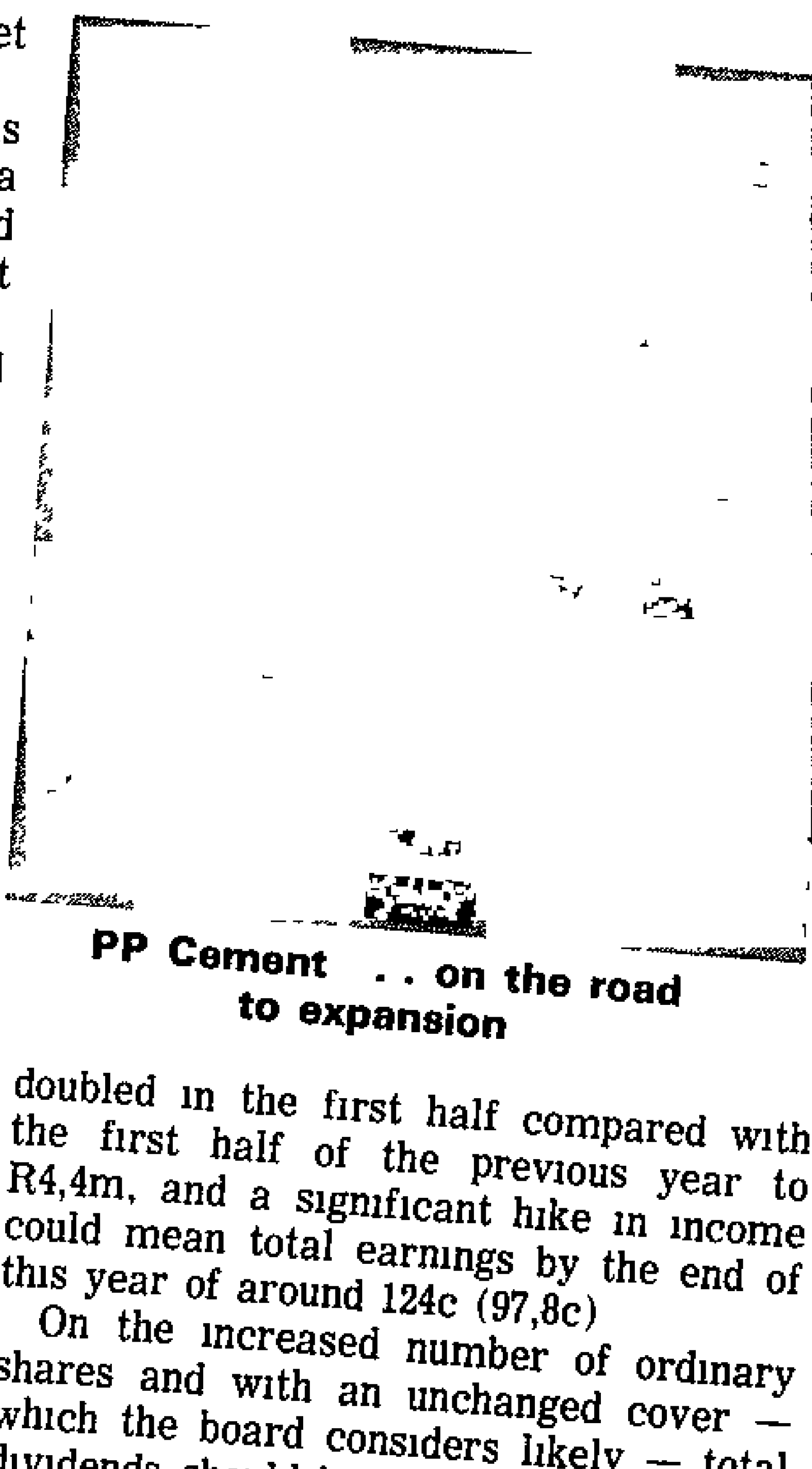
Lime operations are working at full stretch Capacity has been increased to an annual 1,75 Mt and further expansion is being planned On the other hand cement plant has only been running at around 70% capacity with highly-competitive conditions in an over-supplied domestic market and lost export sales to Iran

Over the next three years, capex is slated at R94m This includes R46m for a new lime kiln at the Lime Acres site and completion of the R63m De Hoek cement plant which will raise export capacity

Last year, the Price Controller allowed cement producers a 10% return on capital, but from April 1 — coinciding with the start of PPC's second half — this figure has been increased to 12,5% Next year it will rise to 15% However, the board points out that these figures are not strictly comparable as the basis on which the return is calculated has been changed

As a result of this and generally increasing costs, margins are unlikely to improve significantly in the near-term Meantime, with increased construction and building activity nationwide, cement plant utilisation and profits have risen At the taxed level, cement contributed 47% (37%) to the first half's R9,4m distributable profit Lime's after-tax contribution of R3,94m (R2,67m) was 42% (44%), while other activities reduced their overall and percentage contribution

With the upswing in the economy getting into gear at the same time as the higher price allowed for cement, the directors are confident of a "substantial" increase in the cement division's earnings The contribution of this sector almost doubled in the first half compared with the first half of the previous year to R4,4m, and a significant hike in income could mean total earnings by the end of this year of around 124c (97,8c)



PP Cement . . on the road to expansion

On the increased number of ordinary shares and with an unchanged cover — which the board considers likely — total dividends should be 44c (35c) At its current 700c price and 6,3% prospective yield, the share appears to have fully discounted near-term profit improvements Scott Hawker

set at below

housing, they never ... bother to decorate, alter or modify anything, as the quality of housing cannot alter

(193) FM 16/5/80

CEMENTATION

Discounted growth

Cemenco's order book dipped slightly in the six months to end-March to stand at R73m (R80m). However it is well above the year-ago R50m figure and indications are that it could rise substantially before the end of the year.

Chief executive Ronny Shaw believes that, although there has been a demand slow-down in some sectors connected with SAR, this is probably a result of the government workshops taking up slack. Within the next four months, he adds, orders will have to be placed in the private sector and subsidiary William Bain should improve its position.

Part of the order book at the end of the last financial year was long-term work, some of which has been completed during the six month period. It has not yet been replaced by any major new contracts, says Shaw, but this high level of work on hand must result in improved performance over the remainder of the year.

This time last year, the company was the subject of extensive market talk of a takeover as the holding company, UK-based Trafalgar House, came under increasing disinvestment pressure. At that time, nothing came of the rumours, and Shaw reiterates this year that Trafalgar House is "definitely not a seller."

In the previous year, the group took over two major new subsidiaries, Siding Construction and Wiggall. The latter, now renamed Cemenco Foundry, is in the process of completing a R1m re-vamp of its plant and Shaw says Siding is "very busy" at present. The two acquisitions last year were part of a programme aimed at self-sufficiency. But apart from the modernisation of the foundry, Shaw says, there are no other purchases in the pipeline right now.

The group is anyway, restricted in its local borrowings because of its overseas control. This time last year, the overseas shareholding was around 65%, but since then the acquisition of new subsidiaries through the issue of new shares has reduced ownership to around 60%, Shaw says. This restricts local borrowings to R10,2m which tends to put a damper on further expansion. There are no specific plans to alter this situation at the moment, he adds.

The restriction on local borrowings has had two further consequences. Firstly, the issue of additional shares in the acquisition of the two new subsidiaries has diluted earnings. Secondly, dividend cover is maintained at a relatively high level which is necessary to fund operations from retained earnings.

Bearing in mind the expected recovery in William Bain's activities in the second half of the year it may be expected that turnover will continue to rise steadily after the 47% hike in the first half of the year to R36m. However, gross margins declined in the first half from 8,2% to 7,1%. The contribution from Gold Fields Cementation, at the same time, rose from R300 000 to R350 000.

The interim dividend has been increased from 7c to 8,5c. If the same rate of increase continues in the second half, which is not unreasonable under current market conditions, a final of 11,5c should be payable. The total of 20c would give a prospective yield of 7,4% at the current market price of 270c. Though this is not unreasonable, the market seems to have largely discounted further growth.

Scott Hawker

Financial Mail May 16 1980

UNIVERSITY OF
EXAMINATION A

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Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

TONCORO FM 23/5/80 193

Firmer foundations

UNIVERSI
EXAMINA

The present brick shortage may be causing headaches in the building industry, but it is allowing Toncoro to return previously mothballed plants to operation

The firm doubled earnings in the year to end-March 1980 And with higher production at 30 plants and new production facilities being opened turnover and earnings will be even higher this year

With the building lift-off which began around October last year Toncoro increased turnover by 41 %, to R117,3m (R83m) And wider profit margins helped increase earnings to 35 9c (17 2c) Price rises says the company played a minor role in the profit advance and controlled price increases granted this year are 2% below expected cost increases However this should not affect profitability as efficiencies improve

To cope with growing demand the operating brick and tile factories are working round the clock while some of the capacity mothballed during the slump has yet to be brought back on line

New investment in machinery for this year is planned at R18m (R5 7m) but it will take up to two years before it comes on stream That could coincide with a peaking of the building boom However the company is involved in a long term marketing campaign which will try to eliminate the wide fluctuations in demand typical of the building industry

Production rises

Production last year increased to 1 310m bricks (1 200m) and a further increase to 1 500m is forecast for this year Most of the bricks stockpiled during the recession have now been sold except in Natal and stocks there are now low

Heavy demand for bricks is being accentuated by two factors Firstly it seems that builders are tripling orders because of shortage rumours Secondly the profile of the [illegible] [illegible] with the trend away from stock bricks to face bricks It is thus becoming the practice for builders to order face brick to specification about six weeks in advance instead of buying big loads at short notice and companies no longer stockpile to the same extent

In line with profit increase, a total dividend of 12c (5c) has been declared covered three times by earnings At 270c, the share yields an historic 4 4% and the earnings yield is 13 3% Both are below the sectoral average Though a higher dividend is in prospect this year this is discounted in the share price

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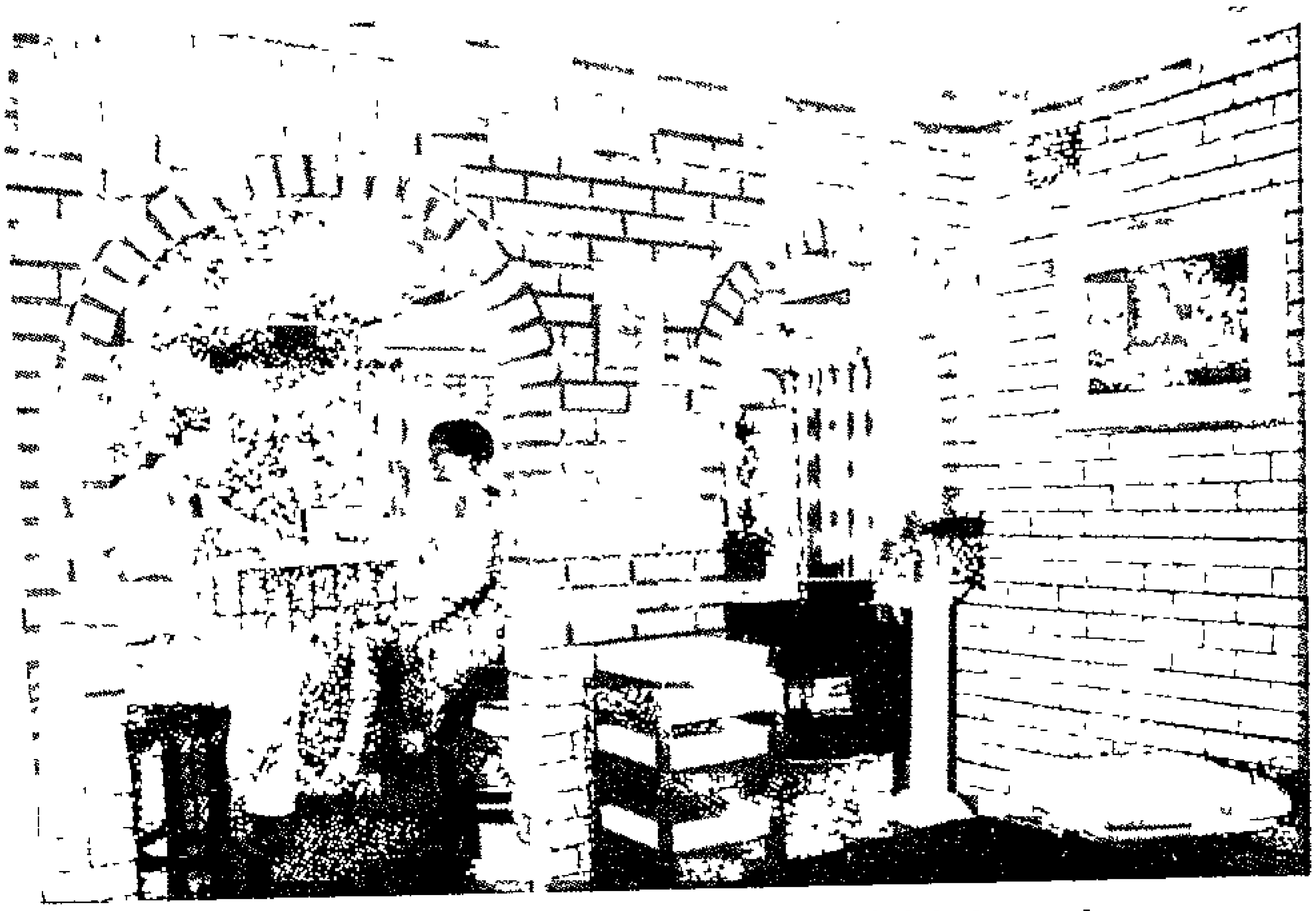

Toncoro . . . working hard to cope with brick demand

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LUCEM ~~183~~ 193

Not resting? FM 30/5/80

Chairman David Lurie says of his plans for Lucem this year, "We'll go quietly to bed and consolidate" But judging from the group's recent rapid acquisition growth and consolidated profit forecasts, it looks as if Lurie has few plans to take a rest

Preliminary figures for the year to end-March understate Lucem's advance as they only include full-year contributions from those companies acquired during fiscal 1979 Last year, Lucem bought Wardal Computers, Flekser Steel and Nigel Brick & Colliery, and gained total control of Brick & Clay

All the companies have different year-ends, but will convert to March 31 from this year on The only profits included from these acquisitions are those earned by Flekser in the last three months Consequently, no comparison has been made with 1979 as it would be "meaningless" After-tax profit was R578 000, equivalent to 10,7c per share, and a dividend of 4c was declared

Of far more interest are consolidated pro-forma accounts for the current year Organic earnings growth to R4,2m is forecast, equivalent to 35c a share Dividend

Financial Mail May 30 1980

cover of up to 3 times is, however, likely, to provide more substantial retentions And then there is the prospect of further acquisitions Nevertheless, with a possible dividend of 12c, the share at 200c yields a prospective 6%

Fiona Halse

Plate Glass is in smashing shape

(193)

STAR 30/5/80

I'm told that results of Plate Glass are due shortly And that they will be a marvellous package

How about year-end earnings which have qudrapuled to 148c a share? And how about a total dividend of 50c a share?

In the year ended March 1979, Plate Glass turned out net earnings of 36,9c a share and paid a dividend of 14c a share When the final accounts were published, the chairmen said "earnings of the order of 50c per ordinary share for the next year appear to be within our capability"

But when the interim report was published Plate Glass was already was ahead of itself Half time earnings were 52 6c a share

Shareholders were then told that sales since September had continued at a high level and those for the second half were budgeted almost to match the first six months

Therefore, earnings of 100c a share for the full year "are attainable"

The achievement of this target will depend on business activity remaining at the current level, the board added

Well, since then, most companies have been reporting much improved results, and business activity has been clearly strong And so the current year's outlook is just as promising, and subject to the usual caveats, could earnings of 200c a share for this year be a target?

Good results at Plate Glass spill over to Placor, which draws almost its entire income from Plate Glass's dividend So if Plate Glass does declare a year's payment of 50c a share, how about a dividend from Placor for the year of 17,5c a share?

I'll let you know for sure soon

(193)

Cement sales up

RDM 3/6/80

CEMENT sales for the first quarter of the year at 1 674 489 tons were 15% up on sales for the corresponding period last year and 13% up on the last quarter of 1979, according to the South African Cement Producers Association

Regional sales in this year's first quarter, compared with last year's first quarter, were Transvaal up 22%, Cape Province up 11%, Natal up 12%, Free State down 2% and SWA/Namibia up 8%.

In April this year, sales were 25% higher than in April last year and for the first four months this year the increase was 17% over last year's first four months. — Sapa.

Power line

MAPUTO — ~~Construction of a power line in Mozambique's northern Nampula Province begins next week Work will be supervised by East German technicians~~

It's a super year for Plate Glass

STAR 4/6/80

193

By Jean Moon

Plate Glass and Shatterprufe Industries has outstripped its 100c earnings forecast made at the half way stage

Even with the inclusion of the Lifo method of stock valuation, earnings reached 103c a share, and when calculated on the same method as before, earnings soared to 123,7c a share compared with last year's figure of 36,9c

The percentage of pre-tax profits against sales rose from 6,2 percent last year to 13,4 percent with turnover at R221,4m and pre-tax profits, before Lifo of nearly R30m

BENEFITS.

The rate of taxation, before Lifo fell from 42,5 percent previously to 31,2 percent

This excellent set of figures mirror the improvement in the economy, in particular the building, furniture and motor industries which comprise the principal customers of the group

The increase in sales entailed further utilisation of existing capacity, with great marginal benefits

Virtually every division earned record profits In most cases loss-makers resumed profitability and yielded significant after-tax returns But the Fibreglass associate and the US subsidiary sustained losses

Placor, the holding company with a 50 percent interest in Plate Glass improved its earnings before Lifo from 11,8c a share to 42,4c a share and 35c after Lifo

A final dividend of 11,5c a share has been declared which brings the total for the year to 17,8c a share

The figures are below the best hopes of some in the investment world — The Star (Friday) had 148c a share EPS in mind (against 123,7c now reported), a dividend of 50c a share (right) and a Placor dividend of 17,5c a share (0,3c a share out), and a target of 200c for the current year (around 154,62c a share, pre-Lifo, now officially forecast)

Nevertheless, the results are indeed good, and few can finally be disappointed After an unusual two day JSE suspension, both shares will be reinstated today

The group has a habit of exceeding itself, and as it is expecting further EPS growth, a fatter dividend may surely be expected"

(Both shares are recommended for dividend income and potential capital growth)

B

UNIVERSITY OF CAPE TOWN
EXAMINATION ... BOOK

193

RDM 4/6/80.

It's a real smasher for Plate Glass

By DAVID CARTE

BOOMING BUILDING, furniture and motor industries and some drastic house-cleaning brought smashing results from Plate Glass in the year to end March

On an 11% sales increase, pre-tax profit soared 138% to R29 800 000 (1979 R12 500 000) while equity earnings shattered all records, rocketing 242% to R18 101 000

Earnings per share rose 235% to 123,7c Plate Glass declared a final dividend of 32c (9c), bringing the total payout for the year to 50c, a 257% improvement on last year's 14c

The group is looking for a 25% increase in earnings in 1981 This forecast takes into account the probability of a higher tax rate and a rights issue of 1-million shares

The R6-million expected proceeds of the rights issue will be used to fund further equity investment in PG's Australian and American companies

Plate Glass has very progressively adopted the more conservative Lifo method of stock valuation This eliminates stock profits caused by inflation and therefore gives a truer picture of profits

To permit comparison with the previous year and with other companies, the above profit figures are before allowing for the Lifo method of stock valuation, which had the effect of reducing profits before tax by R3 900 000 to R25 900 000 and after tax by R3-million to R15-million Lifo reduced earnings per share by 20,7c to 103c

The main reasons for the spectacular pick-up in PG's fortunes were the big reorganisation and rationalisation drive of last year and vastly improved demand for the company's products from the booming motor, building and furniture industries This surge shows no sign of abating

"Virtually every division earned record profits," says the chairman, Mr Bertie Lubner. "In most cases, loss makers resumed profitability and yielded significant after-tax returns"

PG's tax rate was reduced from 43% to 31,2% on a pre-Lifo basis thanks mainly to assessed losses but also, following an appeal, to the allowance of foreign exchange losses against tax

While there are further assessed losses and further currency losses allowable against tax, the tax rate is expected to rise next year but it should still be well short of the maximum rate

In line with its policy of distributing all the dividends it receives from Plate Glass, Placor, the parent company, is paying a final dividend of 11,5c (3,2c) to bring its total payout for the year to 17,8c, compared with 5c in 1979

On the new dividends, both Plate Glass and Placor yield 7,7% at current prices This is well above the industrial average and must reflect concern about the rights issue

While it is probably true that PG cannot attain this sort of growth again in a hurry, it must surely have quite a lot in reserve

And, while there is only so much mileage in recovery from a low base through better capacity utilisation and someday soon full capacity must be reached, the 25% earnings growth forecast appears realistic

If only this is achieved, Plate Glass will earn 154,6c pre-Lifo in the current year

Assuming constant dividend cover, it will pay 61c, putting it on a prospective yield of 9,4% This suggests that the spectacular run of PG and Placor may not be over

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Made in South Africa TRIO RAND/S P C T PSL/UPD 100 000 1978 PD UCT AM7a Vervaardig in Suid Afrika

Toncoro looks for more

(193) RDM 6/6/80

By DAVID CARTE
Deputy Financial Editor

AFTER PUSHING up earnings 150% off a low base last year, Toncoro — South Africa's largest brickmaker — is looking for a "marked" improvement in earnings in the current financial year, says the retiring chairman, Mr J B Robertson in his annual report.

Toncoro last year benefited from a sudden strong surge in demand for bricks — an "unprecedented" demand it could not meet in the Transvaal and the Free State Fortunately, it had stockpiled bricks in Natal during the recession and bricks from Natal went some way towards making up the shortfall

Sales last year rose 60% to R47 300 000, pre-tax profit [illegible]% to R9 100 000 and earnings [illegible]% to R7 700 000 (The 1979 comparative figures include only nine months of Primrose's profits and a full year of Coronation Industrial's)

Reef factories have increased their production by 107-million bricks a year and a factory has been converted to produce an additional 48-million bricks a year The Odendaalsrus factory has pushed up production from 18-million to 44-million bricks a year and capacity is to be extended to 67-million bricks a year Production at Klerksdorp has been stepped up by 10-million bricks a year

Toncoro plans further updating and expansion and expects capital expenditure of R18-million The company stresses that it has ensured that its expansion has been in areas where there is a strong prospect of continuous demand

Toncoro emerges from a prosperous year's trading liquid and well able to finance its capex plans

Borrowings make up only 13,4% of capital employed and the interest bill is covered 8,7 times by gross profits Assets were revalued during the year under review and this had the effect of increasing the depreciation provision and lowering gross return on capital, which rose from 7,9% to 10,9%

The additional depreciation provision rose from R807 000 to R2 400 000. Although the brick industry was granted a price increase of 13% last year, it expects costs to rise 15% in the year ahead

Mr Robertson calls for industrial councils and apprenticeship boards to take cognisance of changed Government thinking in regard to labour "so that adequate training of all races for all trades is provided and so that no artificial inhibitions on the use of the labour force are allowed to exist"

He also calls on the Government to smooth the violently cyclical nature of the building industry through improved planning

PLATE GLASS FH 6/6/80 193

Recovery complete

In the initial euphoria which followed Plate Glass' announcement this week of a 235% earnings improvement and 257% increase in dividends for the year to end-

1141

Plate Glass the outlook improves

March, one rather important point seems to have been overlooked — namely, that the group was operating from a very low profit base after the setbacks of 1977 and 1978. Profitability has only now been restored to what may be considered a normal rate in terms of funds employed.

Full analysis of this will have to await the annual report. In the meantime, however, it appears that the net return on equity funds before conversion to the lifo stock accounting system was probably no more than 24% last year. After the change to lifo, the return is estimated at about 21%, which is much in line with the present profitability of other industrial companies.

At the same time there is no gainsaying that these returns are materially better than the sub-standard 8,9% of 1979, and the even worse 5,5% of 1978 when earnings reached their nadir of 23,6c after a period of abnormally difficult trading.

At that stage it was decided to undertake a fundamental restructuring of the group. Management was jacked up, unprofitable outlets were closed and tighter financial controls were instituted. By 1979, benefits were starting to flow through, and earnings for that year improved to 36,9c even though the group had to absorb non-recurring (and unspecified) costs associated with the restructuring.

The full benefits of these moves coupled with a buoyant economy, are evident in the latest results which show a 138% pre-tax profit improvement from a modest 11% rise in sales.

The turnover figure was affected by the discontinuation of certain operations (sales of on-going operations were up about 20%). But the comparison nevertheless serves to underline the benefits in terms of margins obtained from the sale or closure of under-performing activities.

Margins were further expanded by better capacity use and, at the pre-tax level, amounted to 13,5% against only 6,3% previously — both calculated on a pre-lifo basis.

The gain in earnings was enhanced by a lower tax rate arising from previously incurred tax losses, a decrease in the proportion of profits attributable to outside shareholders of subsidiaries and the gearing effect of the group's pref shares. The final result was pre-lifo earnings of 123,7c which reduces to 103c after the lifo adjustment.

Dividend policy was unaffected by the change in the method of stock valuation, and the 50c total (18c interim, 32c final) is still covered 2,5 times by pre-lifo earnings. This is virtually unchanged from the cover on 1979's payment of 14c (5c interim, 9c final) from earnings of 36,9c. Pyramid Placor is, as usual, distributing the total amount it receives from its interest in Plate Glass, and has declared dividends totalling 17,8c (5c).

The company forecasts a 25% increase in earnings this year based on current sales performance, the probability of a higher tax rate and a rights issue which is expected to increase the issued share capital by about 7%. Shareholders, however, will be hoping that this estimate will prove as accurate as that provided in last year's annual report when earnings of around 50c were expected.

Brian Thompson

1142

FM 6/6/80

193

Record sales Record earnings Prospects encouraging

The audited consolidated results for the year ended 31 March 1980, compared with the previous year, were	Plate Glass & Shatterprufe Industries Limited			Placor Holdings Limited		
	Year ended 31 March 1980		Year ended 31 March 1979	Year ended 31 March 1980		Year ended 31 March 1979
	(After LIFO adjustment — per financial statements)	(On same basis as 1979)		(After LIFO adjustment — per financial statements)	(On same basis as 1979)	
	R'000	R'000	*R'000*	R'000	R'000	*R'000*
Turnover	**221 452**	221 452	*199 755*			
Income before taxation	**25 910**	29 799	*12 537*	**3 810**	3 810	*1 198*
Taxation	**8 520**	9 305	*5 337*	**117**	117	*114*
Income after taxation	**17 390**	20 494	*7 200*	**3 693**	3 693	*1 084*
Share of net income of associated companies after dividends	**1 397**	1 421	*863*	**3 359**	4 856	*1 312*
	18 787	21 915	*8 063*	**7 052**	8 549	*2 396*
Interest of outside shareholders in subsidiaries	**2 302**	2 393	*1 588*	**14**	14	*18*
	16 485	19 522	*6 475*	**7 038**	8 535	*2 378*
Preference dividends	**1 421**	1 421	*1 197*	—	—	—
Net income attributable to ordinary shareholders, before non-trading items	**15 064**	18 101	*5 278*	**7 038**	8 535	*2 378*
Non-trading losses (net)	**119**	119	*417*	**6**	6	*226*
Weighted average number of fully-paid ordinary shares in issue during the year	**14 631 274**	14 631 274	*14 289 316*	**20 103 100**	20 103 100	*20 001 832*
Earnings per ordinary share (excluding non-trading items)	**103,0c**	123,7c	*36,9c*	**35 0c**	42,4c	*11,8c*

PLATE GLASS & SHATTERPRUFE INDUSTRIES LIMITED

As predicted in the interim statement, the last-in-first-out ("LIFO") method of stock valuation has now been implemented wherever practicable in the operating companies, to assist in eliminating the profit distortion caused by price inflation In order that the impact of this change can be clearly seen, the results for the 1980 year are shown both before and after the LIFO adjustment

On a comparable basis, earnings per ordinary share increased threefold, to a record 123,7 cents After adjusting for LIFO these earnings become 103,0 cents The final dividend has been fixed at 32,0 cents (1979 — 9,0 cents), bringing the total distribution for the year to 50,0 cents, as against 14,0 cents in 1979 As the ordinary dividends for the year exceed 30 cents for the first time, the participating preference shareholders will receive income in addition to the 9,5% preferred rate The participating dividend amounts to 3,17%, making the total for each of these shares 12,67 cents

In general terms, the growth in sales, profits and earnings per share arose from the markedly improved performance of the South African economy In particular, the building, furniture and motor industries, which comprise the principal customers of the group, continued their strong recoveries The increase in sales (R39,7-million on a truly comparable basis) entailed further utilisation of existing capacity, with great marginal benefits The wholehearted adoption of the strategy laid down last year led to the more effective and efficient conduct of business at all levels

Virtually every division earned record profits In most cases, loss-makers resumed profitability and yielded significant after-tax returns, the effect of which is clearly reflected in the group's low tax rate for the year However, the Fibreglass associate and our subsidiary in the U S A sustained losses, the serious technical problems of the former continued into the 1979/80 year, while the latter suffered because of depressed trading conditions and rising interest rates Overall, the contribution from associated companies rose substantially

Inflationary conditions were evident throughout the year, with the costs of labour and fuel escalating sharply To a limited extent, the impact was diminished by an approximate 20% reduction in the average cost of local short-term funding

The determination of the Government to achieve "growth from a position of strength" renders a fall in the inflation rate unlikely, but also means that the recovery trend in the economy should be maintained, at least until the end of 1980 Our previous forecasts failed to give sufficient weight to recovery prospects and proved unduly conservative Evidence now available, which includes sales to date materially in excess of those for the corresponding period of last year and no signs of abating demand, suggests that earnings per ordinary share for 1980/81 are likely to increase by 25% The six months to 30 September are expected to contribute slightly less than half In arriving at this forecast, cognisance has been taken of the probability of a higher effective tax rate than last year and a rights issue of the order of 1-million ordinary shares to fund further equity investment in the Australian and American companies, to reduce their reliance on borrowed funds

ORDINARY SHARES — DIVIDEND NO 46
NOTICE IS HEREBY GIVEN that a final ordinary dividend of 32,0 cents per share has been declared in respect of the year ended 31 March 1980 payable to all ordinary shareholders registered at the close of business on 11 July 1980

9,5% PARTICIPATING PREFERENCE SHARES PARTICIPATING PORTION — DIVIDEND NO 12
NOTICE IS HEREBY GIVEN that a dividend, being the participating portion, of 3,17 cents per share has been declared in respect of the year ended 31 March 1980, payable to all holders of 9,5% participating preference shares registered at the close of business on 11 July 1980

The relative share transfer books and registers of shareholders of the Company will be closed from 12 July 1980 to 20 July 1980, both days inclusive Dividend warrants will be posted on or about 6 August 1980
In terms of the South African Income Tax Act 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to
(a) persons, other than companies, not ordinarily resident nor carrying on business in the Republic,
(b) companies not registered nor carrying on business in the Republic
The Company will accordingly deduct the tax from dividends payable to shareholders whose addresses in the share register are outside the Republic

PLACOR HOLDINGS LIMITED

The company continues to hold fractionally less than 50% of the ordinary share capital of Plate Glass & Shatterprufe Industries Limited ("PGSI") and the income derived from this source increased from 11,0 cents per share to 33,8 cents, equivalent to 41,2 cents before LIFO adjustment Other income remained minor in comparison As a consequence, earnings per share were 35,0 cents for the year (equivalent to 42,4 cents before LIFO adjustment), as against 11,8 cents for 1978/79

The policy of distributing in full the dividends received from PGSI has been maintained Accordingly, a final dividend of 11,5 cents per share has been declared, bringing the total for the year to 17,8 cents (1979 — 5,0 cents)

DIVIDEND NO 24
NOTICE IS HEREBY GIVEN that a final dividend of 11,5 cents per share has been declared in respect of the year ended 31 March 1980 payable to all shareholders registered at the close of business on 11 July 1980
The share transfer books and register of members of the Company will be closed from 12 July 1980 to 20 July 1980, both days inclusive Dividend warrants will be posted to shareholders on or about 7 August 1980
In terms of the South African Income Tax Act 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to
(a) persons, other than companies, not ordinarily resident nor carrying on business in the Republic,
(b) companies not registered nor carrying on business in the Republic
The Company will accordingly deduct the tax from dividends payable to shareholders whose addresses in the share register are outside the Republic

Transfer Secretaries
Hill Samuel Registrars (SA) Ltd
Corner House, 63 Fox Street
Johannesburg 2001
(PO Box 62318, Marshalltown 2107)

By order of the boards
R F Pennicott
Secretary

3 June 1980

Registered Office
Corner Marshall & Janie Streets
Johannesburg 2001

MARLIN FM 6/6/80 (193)

Building on rock

Activities: *Quarrying and extraction of granite principally in the Belfast and Rustenburg areas of the Transvaal. Associate companies extract and market quartzite and slate, and carry on certain engineering activities on a minor scale*
Chairman: *P B Gain*
Capital structure: *3,1m ordinaries of 50c, 400 000 'A' red cum prefs of 10c, 1,6m 'B' red cum prefs of 10c. Market capitalisation R4,9m*
Financial: *Year to 29 February 1980. Borrowings long- and medium-term, R613 000. Net cash R610 000. Debt equity ratio 30%. Current ratio 1,4. Group cash flow R1,8m. Capital commitments R90 000*
Share market: *Price 155c (1979-80 high, 190c, low, 115c, trading volume in 1st quarter 11 000 shares). Yields 20% on earnings, 7,1% on dividend. Cover 2,8. PE ratio 4,9*

	'79*	'80
Return on cap %	3 1	26 5
Turnover index	100	128
Pre tax profit (R 000)	62	1 090
Earnings (c)	[illegible] 0	31 2
Dividends (c)		11
Net asset value (c)	81	104

* 8 months annualised

Marlin's results for its first full year of operations are almost as solid as the granite which it mines, Chairman Peter Gain asserts. "Last year was one of consolidation in which we more than met our own forecasts and we're budgeting for something higher this year."

The group has developed from the cash shell of FHL Engineering which Gain bought and renamed Lemor Investments. In March 1979 it bought out the Marlin group, one of the country's largest granite producers, and moved into a well-established export market. And now, with a high degree of liquidity, plans are afoot for expansion into related fields.

Turnover figures to end-February 1979 have been annualised for comparative purposes. Last year's turnover was up 28%, and pre-tax profit jumped to R1,1m. No tax was paid, as most of the income of the holding company was in the form of dividends and the subsidiaries benefited from tax incentive allowances and assessed losses brought forward. So it is not surprising that earnings are 11% higher than the 28c forecast at the time of the transmuted listing statement.

Because of the nature of granite mining, a larger proportion of earnings were concentrated in the first half of the fiscal year to end-August. With the December holiday and summer rains hampering quarrying operations only 36% of total earnings accrued in the second half.

"With a number of overseas memorial businesses dependent on Marlin supplies, there is little threat of demand for granite shrinking this year," says Gain. If, as he predicts, earnings are higher and dividend cover of 2,8 times is maintained, there could be upside from the share's present 155c.

[illegible]

Gross profit Pre-tax profit plus all interest paid.
Debt equity ratio All interest bearing debt as a percentage of total shareholders' fund.
Total shareholders' funds The total of ordinary, minority and preference shareholders' funds adjusted for the market and/or directors' valuation of investments, less intangibles (eg goodwill).
Return on capital Gross profit as a percentage of capital employed.
Capital employed Total shareholders' funds plus deferred tax and all interest bearing debt.
Gearing Total interest bearing debt plus preference share capital as a percentage of net asset value.
Net asset value Net assets attributable to ordinary shareholders after adjustment for market and/or directors' valuation of investments, less intangibles.
Return on equity Pre-tax profits less preference dividends as a percentage of total shareholders' funds less preference.
Current ratio Current assets divided by current liabilities.
Cash flow, group net profit plus depreciation. **net** retained earnings plus depreciation.
Capital commitments Contracted and authorised commitments.
Gross margin Gross profit as a percentage of turnover.
Stock turnover Turnover divided by the year end stock figure.
Market capitalisation Number of ordinary shares multiplied by latest market price.
Earnings per share Net profit after tax, minority interests and preference dividends and after adjusting for non-recurring items, divided by the weighted number of ordinary shares in issue.
PE ratio The number of times the latest earnings per share are represented by the current share price.
Cover Earnings divided by ordinary dividends paid.

(193)

Toncoro planning plea

RDM 11/6/80

DURBAN — The Government should plan its building programme on a longer-term basis than at present so that the "cyclical nature of the building industry would become less violent and jobs for workers of all races could be ensured"

This plea for better planning comes from Mr J B Robertson, chairman of Tongaat Corobrik (Toncoro), in his annual review

Such planning, he says, would also allow the brickmaking industry to plan production well ahead and not experience shortages in certain areas when boom conditions develop as has happened in the Transvaal and Free State in the past year

In reviewing Toncoro and Coronation Brick Free State, Mr Robertson stresses that shortages arose, particularly in the Free State Goldfields, because the company could not plan ahead of demand.

Manufacturing capacity at Odendaalsrus is now being stepped up from 18-million to 44-million bricks a year and a plant will be built to lift the level to 67-million bricks a year. At Klerksdorp, production was raised by 10-million bricks a year and another 15-million will be added this year

Since the end of the financial year on March 31, Toncoro has bought the Port Elizabeth Brick Company and has upgraded output from both it and its existing Grahamstown factory to meet rising demand in the Eastern Cape — Sapa

)NCORO (193)
m13/6/80

ood foundations

tivities *SA's largest brick manu- turing company Also supplies roof d cladding materials to the building lustry Formed through the merger Primrose and Coronation Indus- als in 1978 Tongaat owns 74,3 % of e equity*

airman *J B Robertson, deputy- airman A R Kemp*

pital structure *21 9m ordinaries of c Market capitalisation R54 8m*

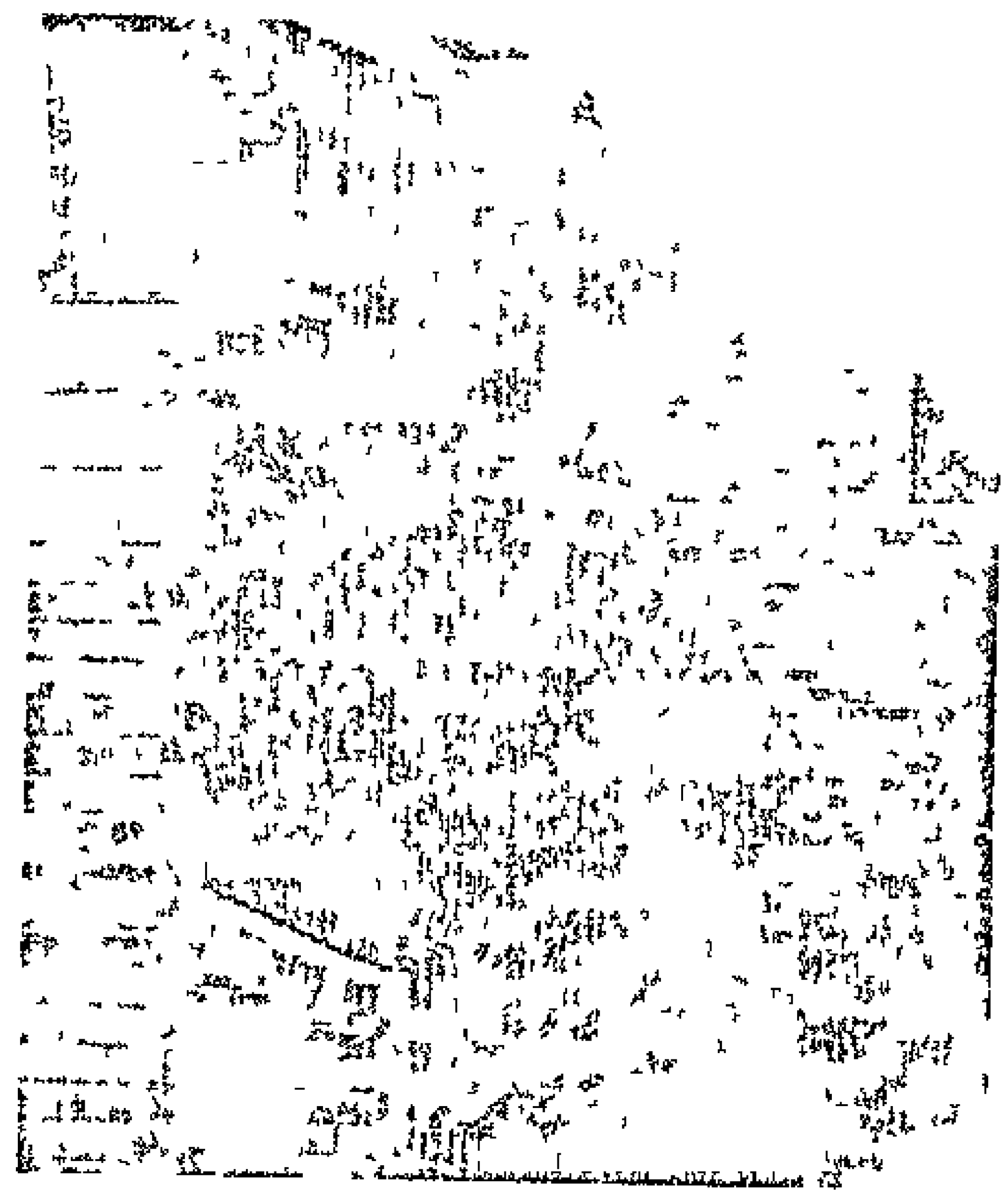
nancial· *Year to March 31 1980 Bor- wings long- and medium-term, 10,7m Net cash R1,9m Debt uity ratio 16 0% Current ratio) Group cash flow R14,1m Capital mmitments R3 1m*

are market *Price 255c (1978-80 gh, 320c low, 125c trading volume st quarter 211 000 shares) Yields 0% on earnings 4 7% on dividend ver 3,0 PE ratio 7 1*

	77	'78	* 79	'80
urn on cap %	7 1	5 6	8 9	13 0
uver (Rm)	32 2	40 0	73 1	117 3
tax profit (Rm)	2 1	1 1	6 3	13 9
ross margin %	11 4	9 4	12 2	13 8
rnings (c)	14 6	9 2	14 0	35 7
vidends (c)	10 5	5 5	5	12
t asset value (c)	293	288	287	425

ncludes Primrose for 9 months and Coronation for months

ast year's surge in residential building in e Transvaal and OFS helped double oncoro s profit and brought most of its ickworks out of mothballs The improve- ent looks set to continue and outgoing airman Jack Robertson says sales bud-



Toncoro building on higher demand

gets have been pitched at unprecedented levels which if achieved will mean an other marked earnings improvement

As the largest brick maker in the country Toncoro benefited greatly from the marginal production increase at its brick work Though certain plants were re commissioned it was necessary to satisfy demand from stocks held in Natal where the sales increase has not been as marked Last year Toncoro increased its production schedule by an annual 191m bricks and work is in hand to boost this by a further 15m bricks In addition two Durban plants are capable of supplying an additional 83m bricks annually if warrant- ed by demand

Since the year end a brickworks was acquired in Port Elizabeth which will augment group supplies to the Eastern Cape And plans are in hand to bring the Bedfordview concrete block plant into pro- duction

The past year allowed a large liquidity build-up at Toncoro Asset revaluation added R30 4m to the reserves of the com- pany Additional depreciation of R2 4m (R807 000) was charged to taxed profit Toncoro s policy is to distribute 50 of earnings after the additional depreciation charge Though the current ratio remains almost unchanged at 1 5 following the sale of brick stocks in the boom market cash on hand and at call increased sharply to R7 3m (R226 000) including a R4 2m balance with the holding company As a result the liquidity ratio improved to 0 9 (0 6)

Total interest-bearing debt was also re- duced to R16 1m (R26 9m) with a leasing interest cover of 7 3 (3 1) while total borrowings could be repaid out of just over one year s group cash flow

Capital commitments at current costs to expand production and modernise some plants is estimated at R18m However Robertson says the group has taken cogni- sance of the cyclical nature of the indus- try in deciding where the expansion will be As a result of the low gearing sub- stantial liquidity and the additional depre- ciation it is unlikely that dividends will suffer

With cost increases expected to exceed the 13 controlled brick price rise grant- ed on April 1 margins could tighten In addition there is less scope for re-com- missioning of previously closed brick- works and sales from stocks On the other hand expansion and increased demand promises another substantial profit in- crease Demand is now picking up in Natal though the Western Cape remains sluggish

At 255c the share yields an historic 4 7 which compares with 5 9 % for the building sector Though the price discounts some of this year s profit advance there could be further upside ahead of the interim results

Di Kilalea

Blue Circle up 100% at half-year

(193)

RDM 18/6/80

By DAVID CARTE
Deputy Financial Editor

SOARING CEMENT sales and profits and a good performance by the engineering supplies division were the major factors behind the doubling of Blue Circle's profits in the half-year to the end of May.

The interim report, published a scant three weeks after the end of the accounting period shows pre-tax profit up 95% to R7 840 000 (1979 R4 010 000) and taxed attributable profit 105% ahead at R4 740 000 in the six months Earnings a share rose 105% to 22,6c (11c) and the interim dividend was raised 38% to 9c (6,5c)

The reduction of losses in Hubert Davies Heavy Equipment also played a part in the improvement But these losses, which totalled R1 900 000 after tax last year, have still not been eliminated

The only division which showed a significant downturn in the half-year was the mechanical contracting division This is expected to show a small loss at the yearend compared from last year's taxed attributable profit of R1 394 000 This suggests that Blue Circle is budgeting for a R2-million pre-tax downturn in this division

Higher sales and satisfactory trading conditions are expected for all other divisions for the rest of the year

The most impressive aspect of these results is that they incorporate only two months of the April cement price increase But the group warns that the first-half growth rate cannot be maintained for the full year

Blue Circle is nevertheless confident of a significant earnings and dividend improvement at the yearend and hopes to achieve its major financial objective this year — a return of 16,5% before interest and tax of 16,5% on average gross assets

The interim dividend, which was raised far less than first-half earnings, may well be a pointer to expected earnings and the dividend at the yearend Assuming last year's total 21c is raised 38% to 29c, the share at the current 450c would yield a prospective 8%

This looks good value, even though Blue Circle always seems to be misfiring rather badly on at least one cylinder

BLUE CIRCLE

FM 20/6/80

Broad advance

(193)

An across-the-board advance by almost all the group's divisions was responsible for Blue Circle's 105% attributable earnings rise, according to MD Trevor Coulson.

Cement sales, rising in response to increased construction and building activity, more than compensated for a downturn in mechanical contracting which last year provided only 14% of earnings. Cement sales comprised just over half of pre-tax profit last year.

But while cement operations are steaming ahead, mechanical contracting is expected to slip temporarily into the red this year in reflection of rectification costs and claims against past contracts.

Attributable earnings in the six months ended May 31 rose from R2,3m to R4,7m while dividends were hiked from 6,5c to 9c, covered 2,5-times (1,7).

The group has no major capex projects in the pipeline other than the already-announced R30m dry cement production plant at Lichtenburg. Progress at the new plant, which was intended to replace existing wet plants, is on schedule for completion in October or November 1981, Coulson says. He adds that if demand for cement continues to rise at the current rate, it may be necessary for the old wet plants to be kept on stream for some time longer.

The group has no other diversification plans at present, though Coulson says it is "obviously looking".

Current expansion is being funded largely internally with some aid from the 55% controlling UK parent. Other new projects would be financed by any suitable means, be it shares, cash or borrowings. At end-fiscal 1979, the debt:equity ratio was a comparatively low 31%, and it has not changed significantly.

On the current interim and last year's 14,5c final, the share at 450c yields an historic 5,2%. Though management warns that second-half growth will not be as sharp as in the first half, it is nevertheless looking for a significant improvement on last year's 45,9c earnings total. Even so, a 20% advance on last year's second-half points to total earnings of at least 66c. From that a total payout of 30c is possible for a 6,7% prospective yield.

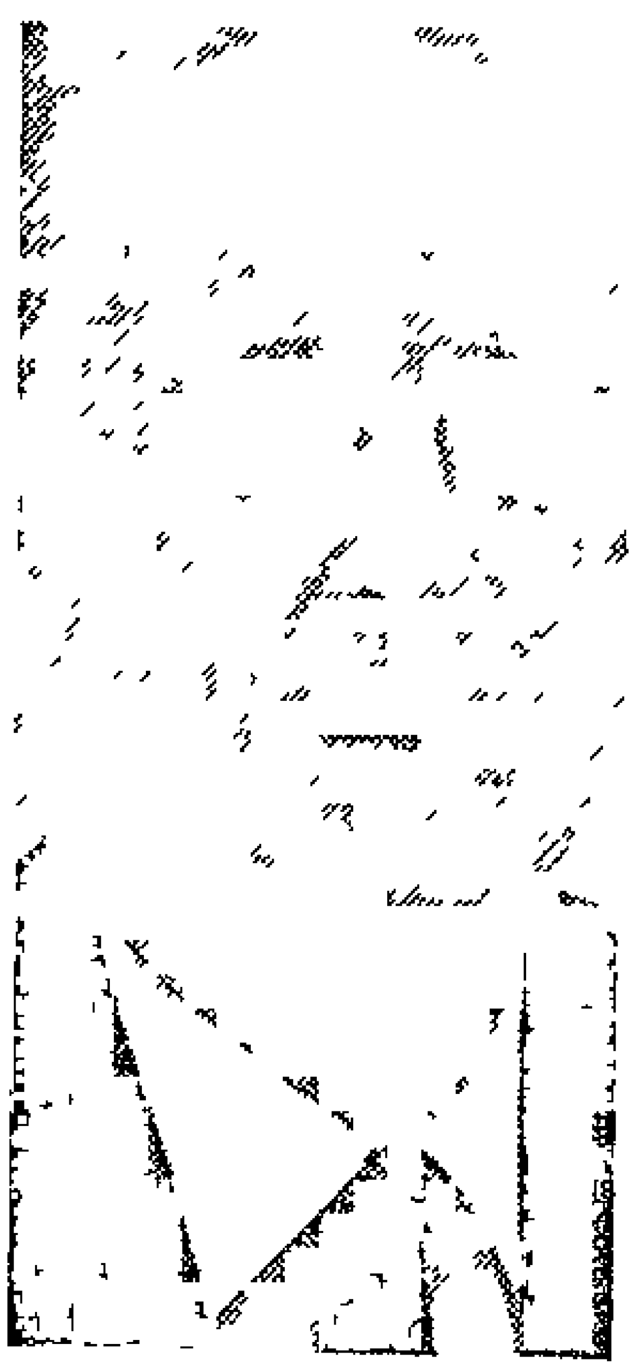
Blue Circle cement keeps on trucking to offset mechanical contraction

Financial Mail June 20 1980

Dick Kemp is new 'Mr Brick'

STAR 2/7/83

193



Mr Dick Kemp, new chairman of Toncoro.

Own Correspondent

DURBAN — Dr Dick Kemp — Natal's "Mr Brick" — yesterday took over the chairmanship of the vast Toncoro brick group whose formation he had largely masterminded as managing director of Coronation Brick and Tile

He has been managing director and deputy chairman of the merged group since its formation two years ago

Mr Kemp (62), succeeds Mr Jack Robertson, who has retired from the chairmanship on reaching the age of 63 but stays on as a non-executive director

Mr Robertson has been in the chair for eight years after six earlier years as a director of Coronation and in that eight years company turnover grew from R16-m to R117m and assets from R32m to R144m

Mr Cedric Savage who came to Toncoro from Tongaat Foods as joint managing director with Mr Kemp takes over as sole managing director

Bricks open more jobs for workers

CAPE TIMES 7/7/80

193

Own Correspondent

DURBAN — The Red Hill brick kilns are to be reopened providing jobs for another 340 people and, from later this month, giving hard-pressed Durban builders another million bricks a week

Mr J B Robertson, retiring chairman of the Tongaat Corogroup, announced this at the company's annual meeting

Red Hill is the last of Toncoro's 38 brick works to go on stream shortly after the Maritzburg works started two weeks ago — three months ahead of schedule

Mr C M L Savage, managing director of Toncoro, told me that the Red Hill works had a capacity of 70 million bricks a year and that the kilns were lit last week

Toncoro has recovered with the building industry with employment rising by about 1 000 people over a year ago

In other developments the R6m Odendaalsrus plant is expected to be on stream by the first quarter of 1981, the Henley pipe factory has been converted to brick production and construction at the Klerksdorp, which will provide 15 million more bricks a year, has started

"The heavy demand for bricks has continued and our estimated profits for the first two months of this year are some eight percent higher than forecast," Mr Robertson said

Surplus stocks in the Western Cape have been absorbed, due partly to a reduction in production by competitors To help to meet demand Toncoro will spend R1m on expansion

The expansion plans are to be funded by borrowings

Outlining the situation on the rand he said that a recent survey showed that Toncoro controlled only 30 percent of the total production of bricks and blocks used for internal and external walling construction in the area

"This percentage indicates that many of the criticisms levied against our being unable to supply bricks may be unfair," he added

Mr Dick Kemp has taken over the chairmanship of the Toncoro brick group

He succeeds Mr Jack Robertson, who has retired from the chairmanship on reaching 63, but stays on as a non-executive director

Shortage of bricks forces opening of old factories

STAR 10/7/80

193

By Marion Duncan

The continuing critical brick shortage has forced the reopening of several big brick factories.

In addition, millions of rands are to be invested by the country's largest manufacturer, Toncoro, in five new factories

The six-month-old shortage was caused by the sudden construction boom, which came after a long recession

Toncoro's public relations manager, Mr Tony Cadman, explained yesterday, "During the recession, building material suppliers had to shut down our factories or go broke. We shut down about 10 big ones

"But when the building cycle started rising again, it did not rise in its usual gentle way. It rocketed and it came up so fast that there was no physical way we could possibly get all the factories back on stream in time"

CRITICAL

The result — as director of the Master Builders Association Mr Basie Pretorius put it — is "a critical situation".

"Most companies are only taking orders for delivery next year, some time in February So it is really serious.

"Our builders are suffering. Contracts are being delayed Projects are being cancelled"

Toncoro's answer is the refiring of closed-down factories

"This week we started up number 38, one of the last big ones in Durban, and investment in five new factories," said Mr Cadman

"Civil engineering work is well advanced on the first one It will be at Odendaalsrus and it is costing R6-million

Toncoro, he said, had the last stockpile of common bricks in South Africa — 10 million — in Durban

"We are managing to provide just enough to reach orders from our customers in the Cape, as indeed we are in Natal

"But the shortage is acute in the Transvaal and Free State

"We are only supplying our established customers."

issued 2m 11% cum red prefs, which will cost R220 000 to service

During the previous financial year, Bankovs inherited property from the dying Van Achterbergh empire, which is now being sold as the market picks up. Though the group is currently selling its Van Achterbergh portfolio, this investment is no real cause for concern, comprising as it does only 3% of total assets. One plot north of Pretoria has been sold while township land in Bloemfontein is currently having services installed. The group also owns some industrial land and a township south of Johannesburg. Once all these have been sold, the group will have no [illegible]ther exposure to property and will be [illegible] legged base of agricul-

Shareholders' funds, R25,7m, Liabilities to the public, R384m

Share market *305c (1979-80 high, 345c, low, 210c, trading volume last quarter, 99 000 shares) Yields 20,2% on earnings, 7,2% on dividend Cover 2,8 PE ratio 5,0*

	'77	78	'79	'80
Return on cap %	13 5	13 6	13 4	14 7
Total assets (Rm)	281	312	390	440
Total deposits (Rm)	239	260	332	353
Net profit (Rm)	2 5	2 7	3 1	3 8
Earnings (c)	44 9	49 3	54 6	61 5
Dividends (c)	17	18	20	22
Net asset value (c)	331	362	382	419

With corporate SA growing increasingly capital hungry and private savings and investment set to rise, Boland should be in for a good year

The group's banking divisions are well spread across the fields of agricultural, consumer and industrial finance, while the life assurance interests are performing particularly well. Even so, the board is cautious in anticipating a moderate increase in disclosed earnings and dividends this year, compared with last year's 22,6% net profit hike to R3,8m (R3,1m)

Though the current year has started off fairly quietly because of dry conditions in the Cape which are slowing agricultural demand for funds, the long-range forecasts are good and the outlook is promising

After a transfer to general reserve of R2,4m (R2m), the bank's distributable earnings were 24,8% up at R1,4m (R1,1m), and the dividend was increased from 20c to 22c. With dividend cover rising from 2,6 times to 2,8 times this year, the group is obviously intent on increasing its capital base while the economy is on the way up. Liabilities to the public rose by only 7,4% from R357,3m to R383,9m, with fixed deposits and savings accounts up from R332m to R353m. Despite the small rise in deposits, however, advances climbed 11% to R304,1m (R273,7m) but loans against mortgage bonds, which are included in the advances figure, actually fell from R112m to R108m

Management says the decline in mortgage business resulted from the increased emphasis which is now being placed on hire purchase and leasing finance which shows better margins and which is becoming a more significant part of operations. Much of the increase is due to greater activity on the part of the group's major city branches which tend to specialise in short-term finance

The main mover in the balance sheet over the last year, however, has been acceptance credit business, which now constitutes some R30m of total assets of R439,6m, against R9,8m of R390,2m the previous year. Though this is traditionally low-margin business, it does not seem to have affected Boland's margins adversely, and the net profit to total assets ratio now stands at 0,86% against 0,79% last year. The increase in acceptance business has become something of an industry trend lately

The group has a 36% holding in Mercabank which is regarded by the board as particularly important. Though Mercabank does not pay dividends, it increased profits by 25% to R750 000 in the year ended June 30 1979. The bulk of this was transferred to general reserves

Since year's end the group's original 12% holding in Unsbic has been diluted by slightly more than half because of the enlarged capital of the short-term insurer which resulted from the merger with Guardian

The holding in Stellenbosch District Bank provides a good point of entry into the growing consumer finance field. The directors say there are no immediate plans to consolidate this recent acquisition. Breda Bank, the assets and liabilities of which were taken over in 1978, is now performing satisfactorily in its hire purchase and leasing activities, though some of the accounts had to be closed down when the acquisition was initially made. The current improvement in the fixed property market will also benefit the bank through its investment in previously troubled Nasdorp

The board believes that, with increased demand for credit, interest rates should start to firm towards the end of this year as the economic upswing continues. A moderate increase in dividends to around 25c is possible for a prospective yield of 8,2% at the current 305c share price

Scott Hawker

PLATE GLASS/PLACOR

Underrated

REMEMBER

Wednesday July 16. Southern Sun (Sandton)

Thursday July 17: Aurochs, Autolec, Cap-Auto, Cullinan (Olifantsfontein)

Friday July 18: General Tire, ICS (Pretoria), LH Marthinusen, SA Breweries

All meetings are in Johannesburg unless otherwise stated

S Special meeting

L H MARTHINUSEN

FM 11/7/80

Gearing needed?

Activities: *Repairer of heavy electrical equipment, specialising in providing emergency breakdown services for the mining industry. Manufacturer of transformers, rotor coils, insulators and generators. Spencer African Holdings has 50,3% of the equity, and ultimate holding company is General Electric (UK)*

Chairman. *A L Charles, managing director I S D Tudhope*

Capital structure. *3,4m ordinaries of 50c Market capitalisation R10,2m*

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[113] "Environmental impact assessment a proposed method for South Africa" Report by Joint Working Committee of the Council for Habitat and the Environmental Planning Professions Interdisciplinary Committee (1975)

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Everite builds 93% on the boom

(193) RDM 17/7/80

By DAVID CARTE

REFLECTING the boom in building materials, Everite has announced a 93% rise in earnings in the year to the end of June

On a 26% sales improvement to R102-million, pre-tax profit soared 69% to R17 850 000 Thanks to assessed losses in previous years, the tax rate dropped from 50% to 43%, with the result that taxed attributable profit rose even more sharply — by 91% — to R10 025 000

Earnings a share were 93% better at a record 61,1c (31,9c) The final dividend of 20,5c made the total dividend at 28c a 69% improvement on last year s 16,5c

Mr J K Kennedy, financial director of Everite, told me that while there was scope for improvement in results in the medium term, this type of growth, which had been achieved off a low base, was unlikely to be achieved again soon

He said demand for building materials had soared, but brick and labour shortages would probably mean that demand for building products would level out in months to come He did not expect demand to keep up with the rate of increase in building plans passed, Everite's most crucial indicator

Everite's main income sources are the manufacture and distribution of asbestos cement and plastic roofing, sheeting, pipes and other building products Demand recently has come from the private and public sectors

One of the reasons the tax rate is so high is that Everite uses replacement cost depreciation, which tends to reduce stated profits, particularly in the year under review, as assets were revalued

The company intends to spend R6 500 000 to R7-million expanding its Klip River asbestos cement factory, but otherwise has no ambitious expansion plans It still has unused capacity in certain areas, particularly the Western Cape

While certain asbestos cement products are price controlled, many are not Everite has experienced tough competition from cement and steel alternatives to some of its products

The share gained 20c to 450c ahead of these results On the new dividend it yields 6%, which is good relative value in a building market that can only continue to rise in the medium term

ESS MAIL

Soaring cement sales bring rail transport bottleneck

(193) RDM 17/7/80

By SIMON WILLSON
Industrial Reporter

CEMENT sales for the first six months of the year were 17% higher than for the same period last year in spite of a 15% price increase in April, but the increased volume on order is leading to distribution problems.

The South African Cement Producers Association has warned customers through building and civil engineering federations that overloaded railway routes could mean delays in supply towards the end of the year

Sales have increased from 6 067 000 tons in calendar 1979 to 6 573 000 tons in the 12 months to June 30 this year, and industry sources say sales will probably top 7-million tons in 1980

Cement's buoyant position is another manifestation of the economic upswing. As a major input in the construction industry, cement sales have a valid claim to being considered a key indicator.

But cement's performance lags behind the rest of the economy by between six and 10 months, and its performance has yet to respond to the 5% growth in GDP expected this year

The industry is running at under 80% utilisation, so still has spare capacity to meet the rising demand

But although the industry is well placed to increase its output, cement's national distribution network is overloaded and the difficulties could lead to regional shortages

The principal problem area is the rail route system of the Western Transvaal, where over 50% of the industry's capacity is located The general increase in economic activity has claimed a greater share of rail transport resources, and the growing requirements of the cement industry cannot physically be met under present circumstances

This will mean a switch of a considerable proportion of the national cement distribution load from rail to road The two distribution modes currently share distribution 50%-50%

Over the usual long-haul routes, rail transport works out cheaper than road haulage, so the enforced distribution switch means more costs for the producer and narrowed profit margins as cement is sold on a delivered price and higher transport costs will not be passed on to the consumer.

Plans are in hand for a transfer of more cement distribution to the roads, but Sacpa will consult the Railways before applying for road permits

The position could still worsen before it gets better The second half of the year is always busier than the first for the cement industry becuase, like other construction-oriented industries, it closes up Christmas and therefore has, in effect, a five-month second half of the year.

Customers' requirements go up towards the end of the year as they come under increased completion pressure as the Christmas holiday approaches

One of the biggest potential problems in the feared distribution logjam is the tendency for customers to overorder in the second half of the year

The need to avoid overordering has been specifically mentioned in Sacpa's circular to cement buyers Overordering is a frequent recourse to companies approaching the end of the year with behind-schedule projects, or construction firms about to embark on a "big pour" (bulk use of cement in foundations)

Overordering at its usual rate in the next two months could aggravate the situation

The industry can cope with projected increases in demand over the short and medium term because it still has spare capacity and because two kilns are due to come on stream over the next two years — at De Hoek, Cape, at the end of the year and one at Lichtenberg at the end of 1981

300 factory workers down tools

NM 19/7/80

193

Mercury Bureau

Pietermaritzburg—At least 300 labourers downed tools to dispute a salary grading system at the Masonite (Africa) factory in Estcourt yesterday, according to the district police

The factory's 'graveyard' staff refused to pick up tools when their shift began at midnight on Thursday, and when colleagues arrived for the 8 a m shift yesterday they were persuaded to join the stoppage, according to a Durban spokesman for the company

He said the stoppage had been caused by a minor misinterpretation of the Patterson grading system recently introduced at the factory

Management held meetings with a labour liaison committee most of yesterday, according to the spokesman

'I think it's a storm in a teacup,' he said 'We like to think that we do more than average for our workers'

A black personnel manager persuaded the labourers to go back to work and the factory day shift was back to normal within an hour, according to police

(+4)

FM 18/7/80

(193)

REMBRANDT GROUP LIMITED

CONSOLIDATED AUDITED RESULTS

	Year Ended 31 March 1980 R'000	Year Ended 31 March 1979 R'000
Net income for the year attributable to own members	118 670	93 418
Made up as follows:		
Consolidated net income before taxation (Excluding share in income retained by associated companies)	97 623	76 239
Taxation	20 732	17 596
Net income after taxation	76 891	58 643
Attributable to other members	2 057	2 307
	74 834	56 336
Equity adjustment: Net share in income retained by associated companies	40 688	43 795
Net income of subsidiary companies sold during the year	3 158	(5 388)
	118 710	94 743
Extraordinary items	(40)	(1 325)
	118 670	93 418
Earnings per share		
Including share in income retained by associated companies	227,3c	179,0c
Excluding share in income retained by associated companies	149,3c	95,1c
Dividends per share: Interim	14,5c	12,5c
Final	15,5c	15,0c
	30,0c	27,5c

Total shareholders' funds amounted to R750,4 million of which R726,2 million related to interests of own members. Compared to 1979 the latter amount represents an increase of R76,2 million. This increase is attributable to improvements in reserves and income retained. Full details appear in the annual financial statements which will be mailed to members at the end of July 1980.

Registered office
Bird Street
Stellenbosch 7600

J C ENGELBRECHT
Secretary
11 July 1980

REMBRANDT CONTROLLING INVESTMENTS LIMITED

AUDITED CONSOLIDATED RESULTS

	Year Ended 31 March 1980 R'000	Year Ended 31 March 1979 R'000
Net income for the year attributable to own members	60 406	47 543
Made up as follows:		
Consolidated net income before taxation (Excluding share in income retained by associated companies)	[illegible]	73 262
Taxation	20 751	17 606
Net income after taxation	76 918	55 656
Attributable to other members	38 816	29 080
	38 102	26 576
Equity adjustment: Net share in income retained by associated companies	20 702	22 782
Net income of subsidiary companies sold during the year	1 622	(2 741)
	60 426	48 217
Extraordinary items	(20)	(674)
	60 406	47 543
Earnings per share		
Including share in income retained by associated companies	167,8c	132,1c
Excluding share in income retained by associated companies	110,5c	70,2c
Dividends per share: Interim	10,0c	9,2c
Final	11,9c	9,5c
	21,9c	18,7c

Total shareholders' funds amounted to R755,0 million of which R370,0 million related to interests of own members. Compared to 1979 the latter amount represents an increase of R48,9 million. This increase is attributable to improvements in reserves and income retained. Full details appear in the annual financial statements which will be mailed to members at the end of July 1980.

Registered office
Bird Street
Stellenbosch 7600

J C ENGELBRECHT
Secretary
11 July 1980

Fm 18/7/80

(A)

Zuinguin Natal Collieries Limited

(Incorporated in the Republic of South Africa)

Notice to members

GENERAL MEETING

Notice is hereby given that a general meeting of members of the company will be held at 44 Main Street, Johannesburg, on Thursday August 7 1980, at 14h15 for the purpose of considering, and, if deemed fit, passing the following resolution as a special resolution, namely

"That the name of the company be changed from Zuinguin Natal Collieries Limited to Indumeni Limited"

The proposed change of name is recommended because the company's only operating interest is a subsidiary company Indumeni Coal Mines Limited and the directors believe it desirable that the name of the company should reflect its major interest

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and speak and, on a poll, to vote in his stead A proxy need not be a member of the company

The transfer registers and registers of members will be closed from August 2 to August 8 1980, both days inclusive

By order of the board
Anglo American Corporation of South Africa Limited
Secretaries
per P J Eustace
Senior Divisional Secretary

Registered office
44 Main Street
Johannesburg 2001

July 11 1980

aac

58

EVERITE LIMITED

®

(Incorporated in the Republic of South Africa)

Preliminary Profit Statement and Final Dividend Announcement

The directors estimate that the unaudited consolidated profit of the group for the year ended 30 June 1980 will be as follows

	1980 R'000 (Estimated)	1979 R'000 (Actual)
Turnover	102 000	80 424
Operating income	17 300	9 549
Income from investments	550	957
	17 850	10 506
Less. Taxation	7 800	5 265
Group profit after taxation	10 050	5 241
Less: Profit attributable to outside shareholders in a subsidiary company	25	55
Net profit attributable to Everite Limited	10 025	5 186
Earnings per share (cents)	61,1	31,9
Dividend per share (cents)	28,0	16,5

Comment

The increase in activity in the building industry continues to have a positive effect on profits in all divisions As previously indicated, the dividend received from Asbestos Investments (Pty) Limited was reduced to R382 500 from R765 000 in the previous year The effective tax rate is lower than last year as certain subsidiaries are benefiting from tax losses incurred in prior years

Declaration of Dividend No. 64

Notice is hereby given that dividend number 64 of 20,5% equivalent to 20,5 cents per share, has been declared in respect of the year ended 30 June 1980, payable to shareholders registered in the books of the company at the close of business on 1 August 1980

This is the final dividend and with interim dividend number 63 of 7,5% declared on 23 January 1980 makes a total distribution of 28,0% equivalent to 28,0 cents per share for the year, as compared with 16,5% equivalent to 16,5 cents per share for the previous year

The Transfer Books and Register of Members will be closed from 2 August 1980 to 15 August 1980 both dates inclusive Dividend warrants will be posted on or about 28 August 1980

In terms of the Republic of South Africa Income Tax Act 1962 (as amended) non-resident shareholders' tax of 15% will be deducted by the company from dividends payable to shareholders whose addresses in the Share Register are outside the Republic

By Order of the Board
T L Scholtz
Secretary

Johannesburg, Transvaal
16 July 1980

NOTE All shares for transfer are to be forwarded to the Transfer Secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001 (P O Box 61051, Marshalltown 2107) and **NOT** to the registered office of the company

Brick crisis hits building boom

Cape Times 23/7/80 193

By GORDON KLING

THE BUILDING UPSWING in the Cape has mushroomed into an all-out boom, with critical shortages of key building materials, particularly bricks, threatening to send housing costs to alarming heights.

Cape brickmakers confirmed yesterday that they were no longer accepting new orders while cement producers urged customers to refrain from ordering more than their immediate requirements

Waiting periods for window and door-frames are now extending into several weeks, at a time when building costs are rising by more than 20 percent a year Many varieties of tiles are unavailable

The largest brick-manufacturer in the Western Cape, Corobrick — which has been exporting supplies to the Transvaal — said yesterday that it was accepting orders from established customers only, subject to a delay of four to six weeks

Smaller brickfields are declining to take new orders

Corobrick s general manager in the region, Mr Graham Bounds, confirmed Cape Times information that the group had tried to purchase the entire stocks of smaller producers

Mr Bounds, who is also chairman of the Western Province Brick Manufacturers Association, said that he had embarked on the move several months ago when the gravity of the situation started to become clear ' He had managed to obtain only one substantial order

It had also been arranged several months ago for bricks to be railed to the Transvaal

'I can only say that at the time we started exporting to the Transvaal the brick shortage was only there, but since that time it has gone mad We are only honouring our existing orders from the Transvaal, and I can assure you that there are very few orders left '

He said the balance between supply and demand in the Cape brick industry was complicated by a substantial winter drop in production which did not exist elsewhere in the Republic Seasonal producers would begin to come on stream again early in September, but it was impossible to say when the market would revert to equilibrium

If demand keeps growing at the rate of the past few months, it will nullify the increased availability," said Mr Bounds

The concern of irate builders, who place the blame for the shortage on poor planning by the brickmakers is reflected in the latest building survey by the Bureau for Economic Research at the University of Stellenbosch, which indicated that building activity has surpassed the boom of the early seventies The industry maintains that it could have invested in additional capacity earlier

'I believe the criticism to be unjust,' said Mr Bounds "Eighteen months ago we were sitting here with factories closed down and massive stockpiles of bricks that represented a major investment I defy anybody to have planned for further investment then, it was just not possible '

His group was planning a R1 million expansion at its Koelenhof field near Stellenbosch, which would take production from 25 million to 70 million bricks a year, and take its total in the Western Cape to 230 million The output of other factories was being increased by the addition of new equipment

About 500 million bricks, worth some R54 a thousand ex-factory, were demanded at the moment in the Western Cape on an annual basis

Mr Bounds believed that the shortages could have been alleviated through forward-planning by the public sector, and he appealed for estimates of government requirements to be made three to five years in advance

Rail supply problems

• Meanwhile the South African Cement Producers Association has warned customers through organized commerce and industry that overloaded railway routes could create supply problems within a few months

Cement sales for the first half of the year are 17 percent ahead of the first half last year although the industry still has surplus production capacity

The industry maintained that it can cope with projected increases in demand over the short and medium term but feared serious delays in deliveries from a tendency for customers to over-order

And the Bureau for Economic Research forecast in its latest building survey that new private housing would leap by a staggering 34 percent this year, for a value of R1,2 billion

Spending on shops, offices and factories would rise by 30 percent to about R1 billion, as would government expenditure on public non-residential buildings

Transvaal's brick backlog stays up

BA (193) RDM 23/7/80.

By MARIKA SBOROS

THE brick shortage will continue in the Transvaal until next year, according to the public relations officer for Corobrik, based in Durban and the largest brick manufacturer in the country

The chronic shortage, sparked by a vast building boom, has been aggravated by Corobrik's Natal factories having to refuse new orders from the Transvaal and Free State in order to meet increased demand in their own area

But the managing director of Corobrik Transvaal, Mr Errol Rutherford, gave an assurance last night that present commitments would be met

The Corobrik PRO, Mr Tony Cadman, said in Johannesburg yesterday "We will only be able to catch up with the current 12-month delay in the Transvaal in 1981, when the new factories we are building start producing "

Corobrik had spent R18-million so far this year on three new plants

"Until two weeks ago, factories in Natal were able to send bricks up to the Transvaal This has now stopped, because the building boom in Natal has reached astronomical proportions

"There are no longer spare supplies which can be sent up to the Transvaal " Mr Cadman said

Corobrik has made a bid to counter the shortage by a massive increase in production in the Transvaal, through refiring factories closed during leaner times, and adjustments to existing factories

Mr Cadman said that so far this year the Corobrik group had increased production by 220-million bricks countrywide Output for the rest of the year would be more than 1 567-million bricks

"Unfortunately this does not mean that we can alleviate the existing shortage, because the demand in this country has reached truly astonishing proportions

"Expansion in the building industry in South Africa is colossal, and that is why there is a shortage of bricks and just about everything else in the building industry "

Mr Cadman said he was not aware of dealers overcharging for bricks because of the shortage

"That is against the law Bricks from the factory are strictly price-controlled We can only sell at a strict, fixed price We have not experienced instances of any of our customers overcharging consumers We would be entitled to cut off their supplies if they did this "

At present, common bricks sell at R43 per 1 000, and face bricks are priced from R103 to R140 depending on the quality

A spokesman for an Alberton company that sells bricks said yesterday the firm had sold its entire supply to a private dealer who was charging R85 per 1 000 for a combination of common and face bricks

This price excluded transportation The bricks had to be collected by the buyer

"The price is not excessive," the spokesman said

"The bricks are not coming directly from the factory "

Plate Glass sees earnings boost

28/7/80

Plate Glass and Shatterprufe Industries expects earnings to rise by more than 25 percent in the year to March, and has postponed its R6m rights issue, the annual meeting was told in Johannesburg.

The revised earnings forecast, based on results for the three months ended June and sales estimates for July, exceeds the annual report statement that earnings are likely to increase by 25 percent over the 103c Lifo earnings recorded in the year ended March

The chairman, Mr Morris Lubner, told the meeting "I am pleased to report a continuation of the strongly favourable trading conditions referred to in the 1980 annual report

"Group sales for the quarter ending June 30, and those estimated for July, are significantly higher than for the same period last year

"Though the same rate of increase is not expected to be maintained for the balance of the year, earnings, despite a greater tax impact, appear likely to exceed the 25 percent improvement which was forecast

"The rights issue which was to be proposed, to cover the group's additional investment in Australia and the United States, is being postponed to permit advantage to be taken of a possible improvement in the value of the financial rand Bridging finance has been secured" — Sapa

'Underpaid' women quit brickyard jobs

30/7/80 C. Times. 307 193 355

By LIZ McGREGOR

SEVERAL Crossroads women have quit their jobs in a brickyard because they say they were paid 20 cents an hour — R9,20 a week — after they were promised 35 cents an hour

However, a spokesman for the firm, the Bellville-based brick manufacturer Brick and Clay Products Limited, claimed the women were told from the beginning they would be paid a basic rate of 20 cents an hour.

Seven women interviewed by the Cape Times yesterday claimed they were told when they started working that they would be paid 35 cents an hour which would amount to R16,10 a week.

They said there were initially 20 Crossroads women working at the brickyard but about half had left because their wages were so low.

"We would have worked for 35 cents an hour All we want is our R16 that the man promised us. If he had told us at first that the rate was 20 cents an hour, we would not have complained — but he promised us 35 cents an hour," said one of the women, Mrs Jesselina Njambatwa.

'On the Friday, we got the same R9'

"When we got our first pay packets with only R9,20 in them, we called the man and complained. He said if we worked right, he would give us a bonus but when the next Friday came, we got the same R9."

"You can't buy anything for R9. We have children to support. We have to pay R7 rent here and then still buy food. You can't do that on R9,20," said another of the women, Mrs Lucy Vango.

The company spokesman, who declined to be named, yesterday denied that the women were ever promised 35 cents an hour.

"There are areas in the factory where females are paid 35 cents an hour but for that job they were told they would get 20 cents an hour as a basic rate. This must have been where the misapprehension arose. These women are the yard complement, the casual labour," he said.

"We offered to pay them a bonus for every 1 000 bricks they sort but they are loath to accept this because then they would have to work for their money. Some are just plain lazy.

"It is not hard work, just bending down to sort bricks from half-bricks

"It's not that we feel they're cheap labour. We are just trying to give them a chance to earn some money but they would rather stand and talk," he said.

The women said their job was to sort the bricks into different types. They had also had to separate the bricks by hitting them with a hammer if they were joined together.

Women 'had to sort hot bricks'

"A man comes with the hot bricks and we must sort them. They won't let us wait till they get cool. Our hands get burnt and they don't give us gloves to protect them," said Mrs Njambatwa.

"And your back gets so sore from lifting the iron hammer to break the bricks up when they are joined to each other," she said

The women said they had to work outside no matter what the weather was like and sometimes had to work in pouring rain.

The spokesman denied that the women had to handle hot bricks.

"There might have been the odd occasion when the bricks were warm but there are plenty of bricks they could sort out that have been standing there for days," he said.

He also denied that the women had to work outside in bad weather

"That's not the truth," he said. "If it rained, they used to come inside and do cleaning jobs in the factory."

The brick backlog hits builders

Staff Reporter

A CRIPPLING country-wide brick shortage is being experienced as a result of the building boom and is forcing Witwatersrand consumers to order their bricks from merchants instead of factories.

In some cases merchant prices are almost double those of the factories and even then consumers can expect to wait up to six months for their orders to be filled.

In what has been described as the worst ever brick shortage on the Witwatersrand some merchants are refusing to take any new orders as they are pessimistic about being able to supply the goods.

Statistics from the Association of Building Societies of South Africa show that in the first half of [illegible] building loans have almost doubled.

Building societies loans leapt from R38 700 000 in January to R71 700 000 in June.

The director of the association, Mr David Alston said the amount of money being granted on new homes was [illegible] stretching the capacity of the building industry to cope with increased demand.

Factories [illegible] price controlled [illegible] at R43 per 1 000, and face bricks from R103 to R143 depending on the quality. Merchants maximum price on stock bricks is R83 per 1 000 while face bricks have a top price of R143 per 1 000.

According to Mr Tony [illegible], public relations officer for [illegible] of the largest brick manufacturers in the country, [illegible] the "[illegible]" [illegible]

CEMENT FM 1/8/80

Mixed blessing

193

Half-year figures released by the South African Cement Producers Association (Sacpa) reveal that despite a 15% price hike in April, domestic sales rose by 17% compared to the corresponding period last year — an upsurge which has taken place at a faster rate than most material suppliers had foreseen

The increased volume has not proved to be an unmitigated blessing, however, since it has led to distribution problems and bottlenecks in delivery

The moving annual total increased from 6 067 000 t at December 31 to 6 573 000 t at June 30, and industry sources predict sales reaching 7 Mt for 1980, since the second half of the year is always busier than the first

The growth rate of cement sales this year could be at least double last year's figure of 4,5%, forecasts the Standard Bank *Economic Review* probably reaching 12%-14%

George Taylor, chief executive of Sacpa, says sales are still rising with demand continuing to be heavy He sees this situation lasting until the cement industry closes up for its annual holiday at the end of the year

Cement's buoyant position is yet another manifestation of the economic recovery Cement sales, a key economic indicator, traditionally lag behind the rest of the economy by 6-10 months, but Taylor says the industry has caught up because of its extremely high growth rate and that it is now firmly in phase with the rest of the economy

The export market has been taking a hammering, though, with sales down by almost 90% from 1978's peak of 900 000 t to last year's 120 000 t — the result of events in Iran This has caused production capacity to become almost exclusively oriented towards the domestic market

With utilisation currently running at under 80%, industry has spare capacity to meet the rising domestic demand However, cement's national distribution network is overloaded and regional shortages may occur Sacpa tells the *FM* of "increasingly frequent truck and bulk tanker shortages" at the Western Transvaal factories, an area where over 50% of the industry's capacity is located This affects mainly the PWV complex

It has warned customers of the problem, placing emphasis on preventing overordering and stating that overloaded railway routes could well mean delivery delays The growing requirements of the cement industry cannot be met by the SAR, which is under severe pressure because of personnel problems

Taylor stresses that the shortage is not worsening, describing it as being in a hold situation" Mike Ryder of Blue Circle Cement agrees with Taylor's assessment, stating that the general distribution problem is not dramatic Blue Circle has taken the precaution, though, of hiring extra road transport, hoping to cushion the rail distribution bottleneck

Indeed a large shift in national cement distribution is occurring from rail to road The Cement Marketing Organisation, with the agreement and the co-operation of the SAR has, since the middle of this month, been supplying certain quantities of cement by road transport as a temporary arrangement at its own additional cost

Over long distances, rail transport is cheaper than road haulage, so the enforced distribution shift is proving a costly exercise to producers, reducing their profit margins and Taylor says that this situation cannot continue indefinitely Consequently, Sacpa has decided that this additional transport will continue only until the August 15 By that date, the SAR is of the opinion that it will be able to resume its normal service to the cement industry

Smaller businesses in the industry are also experiencing distribution problems Fondarge MD Cecil Seymour reports "extreme difficulty" and a "bottleneck" in distribution SAR currently rails his product in 18 t trucks as opposed to the normal 40 t 'long trucks, and this has caused him delays in delivery of up to four weeks

Ryder tells the *FM* that there is no panic as yet Though there is a definite shortage the situation certainly is not desperate and the railways assures him it won t get that way

SUN 2/8/80

Brickworks meeting shortage

The brick industry's battle to beat the shortage caused by the building boom showed first signs of victory this week when Toncoro, biggest manufacturer in the country, announced that its 38 works are now in full production.

Of the R18-million invested this year to bring this about, R8-million had gone into refiring and reconstruction of works said Mr Tony Cadman, public relations officer for Toncoro, the Corobrick holding company

The remaining R10-million had gone into extensions and new works.

Working round-the-clock, the works should produce 1 567 - million bricks this year and deliveries had been planned for a year ahead.

Face-brick production is already committed ahead for 12 months in the Transvaal, six months in the OFS and Natal and four months in the Cape, Mr Cadman said.

Corobrik drives up output

(193)

5/8/80

DURBAN. — Toncoro reports that all its Corobrik factories - 38 in total - are now working at full production 24 hours a day and the total output this year should be 1 567 000 bricks.

Each region had received such good co-operation from established customers, architects and contractors that they had been able to plan deliveries more than a year ahead

Their larger clients had already advised Corobrik of their plans for the next three years to facilitate brick production and planning Face brick production is, therefore, already committed ahead as follows

Transvaal 12 months, OFS 6 months, Natal 6 months, Cape 4 months

Toncoro is investing R18-million this year in new plants — Sapa

Cement back on rails

RDM 13/8/80.

193

THE SA Cement Producers Association says the arrangement whereby the Cement Marketing Organisation has been supplying certain quantities of cement by road transport since July 14 at its own additional cost will end on August 15

The association said the Railways believed that by that date it would be able to resume normal rail services to the cement industry

In early July the producers warned of an incipient problem relating to rail distribution of cement from the major Western Transvaal kilns Other parts of the country, particularly the Western Cape, were not affected

The road transport arrangement was made with the co-operation of the Railways — Sapa

BRICKS FM 22|8|80

Dropping one

193

The brick industry was clearly unprepared for present demand which has increased 45% in less than a year Supply still falls short by 50%, lead time for ordinary bricks is six months, and builders are quoted up to 60 weeks lead time on face bricks

"Only hindsight makes it clear that expansion in the brick industry should have commenced earlier," says Cedric Savage, MD of Toncoro which produces 1,6m billion bricks annually and controls 51% of SA s brick supply as a result of the Corobrick/Brickor merger two years ago

We were unprepared But the fact is that a year ago the recession was very real, we had stockpiled 150m bricks in Natal and were closing down factories because there was no demand "

(At the time of the takeover three of Brickor's 15 Transvaal factories were closed down and stockpiles were very low)

Value of the Natal stockpile was R7m Interest on this money was running at R700 000 a year To have been adequately prepared for the present building boom and brick demand, says Savage, would have necessitated building factories during the recession A factory with an annual 70m brick capacity costs R7m and takes 12 months to come on stream

In July 1978 Transvaal Corobrick production of an equivalent 450m bricks a year was not being sold Incentive for expansion in 1978 was singularly lacking

This year Corobrick stepped up production at least 35% in the Transvaal, 25% in Natal and "substantially" in the Free State and the Cape An extension to the Klerksdorp factory yields an extra 15m bricks a year, a new plant at Henley came on stream in May with a 48m a'year capacity, five mothballed factories are back in production and a new Stellenbosch plant with an annual 35m brick capacity is operational A 70m annual brick capacity plant at Odendaalsrus will be operational in February

Savage says expansion over the next two years includes "at least five factories at a cost of roughly R30m

Order books are "at a very high peak' for the next seven months But in 1981 Savage expects a lot of the orders could be "ghost orders "

Price control

He doesn t expect a price increase before March next year If supply and demand dictated prices, says Savage, bricks would cost "at least one and a half times what they cost now And this would tend to curb demand "

However, the price controller determines pricing "on an historical cost formula '

Prices next year are likely to be inflation-linked even though cost of plant expansion will be substantially higher than at present

To prevent the possibility of demand falling off and manufacturers again left with excess capacity, close liaison with government is taking place "To establish requirements three years in advance "

Public sector building is critical to future planning, comprising at least 50% of industry requirements

Friday August 22 1980

CLASSIFIED ADVERTISEMENTS INSIDE

The killer dust

- Asbestos can kill you
- It can cause lung cancer
- It can take 20 years to develop

STAR 22/8/80 (MJ) (193)

More than 40 000 'are at risk'

More than 40 000 workers who mine, produce, or handle asbestos run the risk of serious or even fatal illness, medical authorities and trade unionists allege

In addition, many of the tens of thousands of retired asbestos workers have damaged lungs and other serious ailments through working in the even more dangerous conditions which prevailed in the past

The workers currently at risk include 21 000 asbestos miners, 4 000 involved in the manufacture of asbestos cement, and at least 15 000 in other trades where asbestos products are made or used according to an estimate by Dr Jonathan Myers of the SA Labour and Development Research Unit

Extensive medical research here and abroad has shown inhalation of asbestos dust over long periods can produce scarred lungs — asbestosis — which, in severe forms, can impair breathing or kill

It can also cause cancer of the lungs, gastro-intestinal tract, and larynx as well as a unique cancer of the lining of the lung and abdomen.

South Africa is the world's third largest producer of asbestos, a fibrous mineral whose fire-resistance and strength give it more than 3 000 applications. But the very qualities which keep the substance in demand make it a hazard — and a case study in the problems of standard-setting. CRAIG CHARNEY reports.

As late as the late 1940s, when asbestos counts ranged as high as 400 fibres a cubic centimetre of air, "you could see the fibres in the air if the light fell through the window," according to Mr H Guettinger of the Asbestos Cement Producers Association.

Since asbestos-related diseases usually take at least 10 to 20 years to develop the toll exacted by these conditions has been revealed only by recent studies

Ten years

A 1977 study of 1 000 black miners employed on Cape asbestos mines before 1962 showed changes visible on X-ray in 55 percent.

Mandatory autopsies of black asbestos miners found some degree of asbestosis in more than 70 percent of them between 1959 and 1964, and in more than one third as late as 1975 to 1977, although the ailment was not [illegible] the cause of death.

When the National Centre for Occupational Health looked at 100 employees in an asbestos cement factory five years ago [illegible] showed signs of reaction to asbestos

X-rays

Another survey in two other factories showed an asbestosis rate of 10 to 20 percent and chest X-rays of the employees of a brake-linings factory in 1978 revealed lung changes in more than 30 percent

About 100 cases of asbestos related cancer are now reported annually in South Africa, but medical research suggests that 20 percent to 50 percent of people with asbestosis will also get lung cancer, according to Dr Myers

Equally worrying is the fact that most living cases reported are white, while most of the industry's workers are black and NCOH director Dr Ian Webster has said the same holds true for cancers of the lung lining He indicated that these figures suggest there may be many retired black workers whose illnesses have not been diagnosed

THE first steps toward bringing the asbestos problem under control were taken in the 1950s.

The mines have stressed keeping newly dug asbestos wet to prevent fibres drifting, and factories installed expensive vacuum equipment to remove asbestos dust (At Rand Mines' newest plant alone, about R1,6-million was spent on dust control machinery) Pre-employment medical exams were also instituted

In consequence asbestos levels fell from the several hundred fibres a cubic centimetre (f/cc) of air observed in the 1940s to less than 10 by 1970 As a result, "the conditions are very much safer," said Dr J Craig Cochrane of the National Centre for Occupational Health (NCOH).

Despite that, when the Erasmus Commission of Inquiry into Occupational Health examined the subject in 1976, it concluded, "the asbestos problem is a serious matter."

Pledge

While there are no statutory asbestos standards the mines have already brought underground asbestos concentrations below 5 f/cc, and have pledged to do the same in aboveground mills by the end of 1981 [illegible] according to [illegible] of the Asbestos Producers Association workers aboveground must wear respirators in Rand Mines mills

However, air sampled around workers in 1976 77 revealed concentrations well above 5 f/cc even when mine averages were below And some workers, such as [illegible] are regularly exposed to concentrations of asbestos well above the mine average

All asbestos cement producers brought their factory concentrations down to below 2 f/cc by the end of 1979, said Mr H Guettinger of the Asbestos Producers Advisory Committee However, Dr John Myers, who is familiar with the case noted that the industry was charged with policing itself, and had an obvious interest in going easy.

Mr Bernie Fanaross of the Federation of South African Trade Unions, shares his scepticism. He says workers get asbestos-caused dermatitis in some plants

"The dust collects on machines," workers in asbestos cement factories have told him "That implies that the levels are much higher "

Even if the standards are met, there are doubts whether they are adequate A study by the South African NCOH of a floor tile factory where they were met found seven of 31 workers had asbestos related changes in the linings of their lungs

Banned

British research found that exposure at [illegible] over a 50-year working lifetime could give [illegible] percent of workers asbestosis and that it could increase the death rate [illegible] 25 percent

Are the safety measures still inadequate?

A CARE investigation

Due to such findings, the US and UK governments have received official advisory reports urging them to reduce their asbestos limits from two f/cc to between one and 0 2 for different types of asbestos, while West Germany will cut its limit from two to one in 1982

Sweden has banned the use of asbestos products outright, and Norway is expected to follow suit.

"Two fibres a cubic centimetre may sound close to nothing but only long fibres are being measured [illegible]

[illegible]

subsequently proved unsafe," he added.

Mr Guettinger of the Asbestos Products Advisory Committee insisted: "The workers' health is one of the most important things in the hearts of the managers "

Disagreement

But Mr Ike van der Watt of the Boilermakers' Union strongly disagreed "If you look at the precautions taken anywhere else in the world against South Africa's, the precautions taken in South Africa are inferior," he said

[illegible]

STAR 23/8/80

Brick men ask the ask State planners to help

The brick industry has asked the Government to help prevent a recurrence of the present brick shortage by extending its financial planning for State building programmes from one year to three

This was said in Johannesburg yesterday by Mr Dick Kemp, chief executive of Tongaat, which controls production of half the stock bricks and three-quarters of face bricks in South Africa

Mr Kemp said extended financial planning by the State would help the brick industry in its own economic and production planning

The present shortage, which he forecasts would be eased by April next year, was partly caused by State building programmes, such as on black and coloured housing, schools, hospitals and Defence

Three new brick factories would be erected to increase production, he said The first, at Odendaalsrus, would open in April, and two in the Transvaal would start production some months later

Other reasons for the present shortage which, Mr Kemp claimed, could not have been foreseen, were the boom resulting from rocketing mineral values, economic optimism, emigration of ex-Rhodesians and State building activities which took about one-third of brick production

A concrete block factory on the Rand, capable of producing three million blocks a month, would be reopened in November as well, he announced

David Lurie to challenge brick giant

S. Express 24/8/80

193

By TERRY MEYER, Property Editor

THE monopoly of the giant Toncoro brick group which controls about 90% of the face-brick market in this country is to be challenged by businessman David Lurie who intends to enter the field in a big way.

At least four major factories in the Transvaal alone are planned by Lurie and much of the new stock could start coming on stream this year

Brick-making equipment has been imported from the US, where the building industry and real-estate market is in a recession, and more equipment is on the way

At this stage Lurie is reluctant to reveal too much about his plans and wants to keep competitors guessing until he is ready to launch his products in a big way

He has had considerable experience in the industry, and aims to capture a sizeable portion of the market with the production of about 30-million bricks a month

At today's prices that could be worth about R2,5-million, roughly split between facebricks and stockbricks

Lurie's aim, the Sunday Express understands, is to capture about 15% of the Transvaal market and break the stranglehold of the Toncoro group which is now quoting 12 months' delivery

Lurie this year formed Lucem Holdings which, among other assets, controls Brick & Clay Holdings and Nigel Brick and Colliery — both major brickmakers The Nigel Brickworks are undergoing major expansion to meet the frenzied demand

Lucem controls several brickworks in the Cape and Lurie has plans to expand the works in Bellville Demand in the Cape, however, has not kept up with what is happening in the rest of the country and it is possible that these works may "export" to other parts of the country where demand is higher

● Toncoro is already importing bricks from Zimbabwe and is also investigating bringing them in from the UK (Homefinder, July 27)

ANGLO-ALPHA (193)

Reaching capacity

FM 29|8|80

Increasing building and construction activity has boosted demand and capacity utilisation at Anglo-Alpha with the result that first-half turnover rose 34% to R85,2m (R63,4m) and operating profit 57% to R19,6m (R12,5m) An 11,5c (7,5c) interim dividend has been declared for the period to end-June accompanied by the forecast of a further improvement in the second half

MD Peter Byland says all divisions contributed to the improvement with cement continuing as the major revenue source as demand picked up sharply During the half year domestic cement sales rose 17% despite a 15% price increase. While a similar percentage improvement is not expected in the second half, the industry is looking for annual sales growth of 12-15% for 1980

The current cement boom has, however, failed to satisfy local producers At present they are allowed a 12,5% gross return on depreciated assets compared with 10% a year earlier Byland says there are indications 15% might be allowed next year But it is not enough to encourage investment in the industry He says that with the lag between cost increases and the granting of higher prices, the industry's return is whittled down to 4 percentage points less than that allowed.

Evidence of the low profitability in the industry is seen in Anglo-Alpha's R44m (R24m) capex plans at end-June None is going towards expansion of cement production capacity. Byland says the industry could near its capacity ceiling next year, but he does not "believe we can commit ourselves to expansion at present

The bulk of the end-June capex will go on the [illegible] division which [illegible] should [illegible] contribute [illegible] income [illegible]

Anglo-Alpha [illegible] cement [illegible] factories [illegible] total capacity [illegible] until next year [illegible] there will be [illegible] decision on major expansion [illegible] take up to three years [illegible] capacity to come on stream

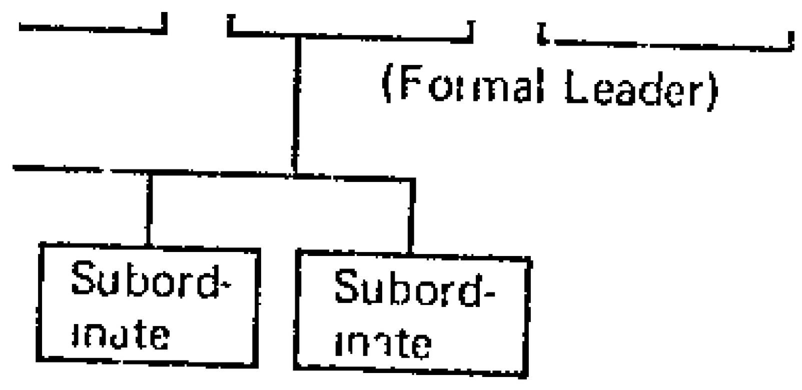
Elsewhere the stone division turned in a R1,7m [illegible] profit [illegible] because of stone [illegible] and to gold recovery [illegible] depend on gold price trends and any changes in the mines [illegible] operation

The company's [illegible] R13m has already been drawn from the R1[illegible]m debenture issue and the debt:equity [illegible] remains low at [illegible] Long-term debt [illegible] to R61,2m (R62,0m) in the first half [illegible] interest payments [illegible] R[illegible]m [illegible] reflecting [illegible]

[illegible] plant [illegible] commissioned

Though a lower rate of growth [illegible] expected in the second half earnings for the year of at least [illegible] appear on the cards From this a final dividend of at least 11,5c [illegible] can be expected for a [illegible] (17,5c) [illegible] construction [illegible] to continue improving Anglo-Alpha appears [illegible] two years [illegible]

Des Kilalea



[illegible] can be performed in three [illegible]

[illegible] ng (filling in questionnaires or [illegible] ns)

[illegible] tionship structure can be done [illegible] o or all of the three above- [illegible] ually, the study is not done in [illegible] above-mentioned ways because [illegible] al researchers support and are [illegible] t research methodologies in the [illegible] nships study

There are two different existing approaches to the study of relationships and interactions The first is based on observations conducted by the researcher, while the other is based on data received from the members of the organization by way of interviews or self-recording

When the study is based on the observations of the researcher, its results are clear-cut When the study relies, however, on data received from members of the organization, the evolving formal and informal structures are not at all clear-cut This is so because perceptions of members of the organization, as to their role in the organizational structure, are not always harmonious—that is to say, that every two members of the organization are not always in agreement as to the relationship between them Two people might disagree as to the formal relationship

[illegible] nformal structure

[illegible] e people on a formal chart [illegible] e the people in the informal [illegible] s This different way of [illegible] mmediately to distinguish [illegible] formal chart It might well [illegible] nt signs were chosen to [illegible] strate that the rectangles are artificial, functional forms rarely found in nature, while the circles symbolize people as they actually are, as one encounters round forms in nature much more frequently than one would encounter forms with straight lines and right angles

The study of the relationship structures, formal and informal, as part of the study of the organi-

IMPORT DUTY (193)

The china syndrome

FM 12/9/80

Local importers of household crockery were taken unawares when massive increases in duty were recently imposed in response to Continental China's application last year for greater tariff protection

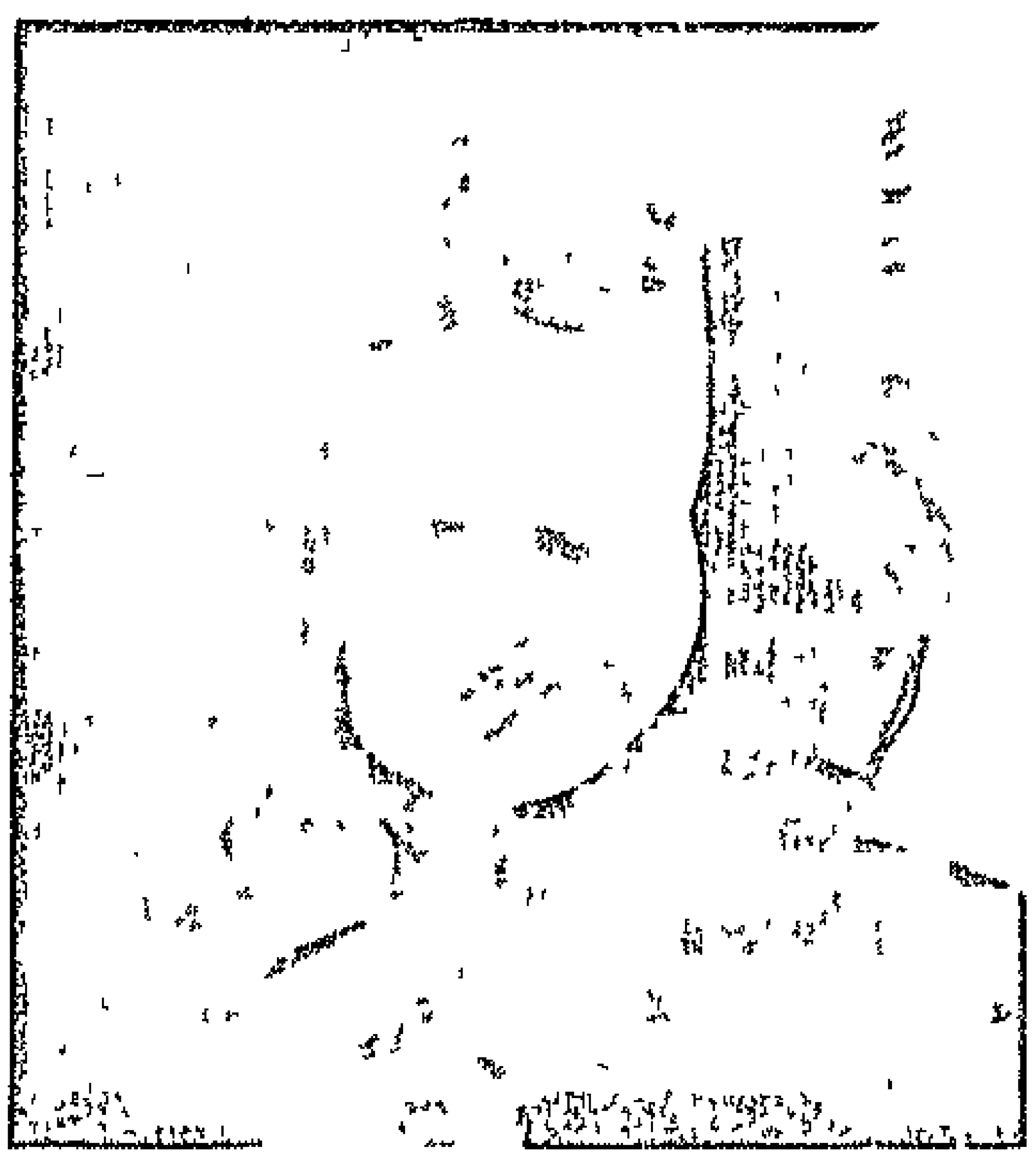
The Board of Trade and Industries granted considerably higher increases than those applied for — in spite of importers' objections to Continental's published application

The importers say they received no warning that higher duties would be implemented and many are now committed to import orders placed on the basis of the duties originally advertised Cups and saucers previously paid a duty of 25% (of the free on board/purchase value) or 4c per unit — whichever yielded the greater duty In terms of the new tariffs, the duty per unit now far exceeds the 25% In the case of cups, for example, the unit duty has risen from 4c to 24c and, for saucers, from 4c to 12c

"Where we used to pay 25%, we are now having to pay on the unit basis," says Ken Hillary, shipping manager for the Pick n Pay group

Continental China — part of the Federale Volksbeleggings group and the largest manufacturer of tableware in SA — seems set on eliminating "communistic" — particularly Chinese — imports which it claims are being dumped on the SA market at "ridiculously low prices"

Says Continental MD, Manfred Busch



Continental China . . . looking for protection

"The people who are shouting most are the importers and dealers who make the biggest profits on Red Chinese crockery Our application was not inflationary Chinese crockery is only cheaper for the importer — not the consumer"

Busch's rationale for the tariff increase application is that he has to protect his employees "Our factories were so badly affected by imports that we had to retrench about 20% of our staff between August and November last year" Busch suggests that, in all cases, the new duties constituted a "compromise" in terms of Continental's application For example, he says, Continental applied for 30c on cups and saucers and received 36c per unit on porcelain, but only 24c on earthenware Importers, nevertheless, regard the increases as inflationary and excessive

Ellian Perch, merchandise executive for Ackermans, says the new duties penalise the importers who import crockery in sets The duty for tableware in sets is R1,60/kg, while individual items pay only 95c/kg "This makes it impossible for us to import anything to be competitive with Continental and has virtually doubled the price of dinnerware from the Far East" Continental's limited range of merchandise does not justify the high protection, he adds

While most importers agree with tariff protection "within reasonable limits," many are questioning the morality of the authorities granting duties in excess of the application that was advertised

According to Philip Theron, Secretary for Industries, the Board of Trade's objective in raising tariffs was to protect local industry from "disruptive competition" by curbing cheap imports from the Far East The idea was not to assist the local manufacturer to increase his price, but to enable him to supply a greater portion of the local market more cheaply, he says

Meanwhile, the Cape Town Chamber of Commerce has proposed that Assocom seek a rebate (the difference between the duties applied for and the duties imposed) in respect of crockery shipped on or before the date that the new tariffs were implemented The *FM* understands that an Assocom sub-committee will meet next week to discuss the proposal

Worker fired – others strike

POST 17/9/80

WORKERS at a pottery firm in Lea Glen near Roodepoort went on strike yesterday protesting the "unfair" dismissal of a co-worker.

But the group which work for Majolica Pottery on the Main Reef Road, went back to work when management changed their minds an hour later, and quickly re-instated Ms Ivy Masigo, who, according to worker-spokesmen had been sacked for "staying away from work for a week."

When POST telephoned the firm yesterday the managing director, Mr Paul Torrente, was said to be busy at a meeting but the production manager, Mr Steyl, said the problem was over

The problem at Majolica started last week when Ms Masigo suddenly became sick and was sent home She went to a doctor who treated her and then decided to lay her off for a week

But when she arrived at work on Monday she was told "No more work for you Finished Nothing"

Although she produced a doctor's certificate she was still told "Finished"

Other workers in her despatch department took the matter up with the managing director but were instead given five minutes to get back to work or "clear off" They were later told to go and stand outside the firm and not inside.

According to Mr Frank Mohlala, secretary of the Building Construction and Allied Workers Union (BCAWU), which represents the Majolica employees, workers in other departments also decided to walk out when they realised what was happening

Mr Steyl told POST later that the employees had misunderstood "the whole thing" They did not ask but just decided to strike, "But they came back when ..."

Anglo-Alpha first-half earnings over double

(193) (38) RDM 21/7/80

By DAVID CARTE
Deputy Financial Editor

SOARING cement, lime and crushed stone sales and profits and a virtually static interest bill caused first half, inflation-adjusted earnings of Anglo-Alpha, to more than double on a poor first half of 1979

This was despite a jump from 29% to 34% in the tax rate of the country's second biggest cement and lime producer, yesterday's interim report reveals

Operating income in the first six months rose 56% to R19 593 000 on a 34% improvement in turnover, which was R85 192 000

Interest charges were only 2% higher at R3 308 000, with the result that pre-tax profits were 73% better at R16 919 000 The higher tax rate meant taxed attributable profit was 60% ahead at R11 131 000

Anglo-Alpha has adopted the current cost method of inflation accounting

Its current cost adjustment in the first half rose 19% to R4 512 000 This was less than proportionately to pre-inflation earnings, with the result that inflation-adjusted earnings were 110% better at R6 619 000

Earnings per share adjusted for inflation were 22c (1979 10,5c), also 110% better Historical cost earnings were 60% ahead at 37c (23,1c)

The interim dividend rose 53% to 11,5c (7,5c), which means cover on current cost was 1,9 and on historical cost 3,2 — sharply up from last year's figures of 1,4 and 3,1

Anglo-Alpha expects second half profits to better these but, with last year's second half so much better than the first, warns that earnings will not be 110% ahead at the year end

The cement division is described as the major contributor to the improvement thanks to "a strong upsurge in the building and construction sector"

Managing director, Mr Peter Byland, says returns in cement still do not warrant investment in soon-to-be-needed additional capacity

The lime division's performance is described as "satisfactory, considering it operated under capacity restraints"

New plant being commissioned would increase capacity by 27% and further capacity is to be added in 1981 and 1982

The stone division had a good first half, thanks to sales of crushed stone for gold extraction to SA Land and Exploration, which contributed R1 700 000 or 10% to pre-tax profit

Anglo-Alpha says it is "extremely difficult" to ascertain the gold content of the dumps which form its stone reserves but this additional income is expected to continue to flow "for the next few years"

The amount will depend on gold content and price

The group has stepped up capital commitments from R34 109 000 at the year end to R44 040 000 None of this is earmarked for additional cement capacity The bulk will be spent in the more lucrative lime division.

COMMENT. The historical yield at the current 450c is a paper thin 3,9% This gives an idea of the high expectations the market has had of Anglo-Alpha.

Earnings will not be 100% ahead at the year end but if Anglo-Alpha only equals the 22c made in the first half, inflation-adjusted earnings of 44c will be 31% better.

This must be the most conservative scenario The interim dividend might give a better clue to what is likely It would suggest that 50% earnings and dividend growth for the full year is within reach.

That suggests inflation-adjusted earnings of 50c and assuming constant 1,9 cover, a total payout of 26,3c This gives a more solid prospective yield of 5,8%.

Toncoro chief spells out brick problem

ZM 193

RDM 22/9/80

TONCORO is now producing enough bricks to build 350 average-sized houses daily and yet the stock brick delay is about 12 months, according to Mr A R Kemp, chairman of the group — manufacturer of more than half the stock bricks about 75% of the face bricks in South Africa

At a Press conference in Johannesburg, Mr Kemp said he hoped the position would start improving from April next year At that time the first of three new Corogroup factories, this one at Odendaalsrust in the Free State, would come on stream

Two further new plants were planned for the Transvaal and they would make their contributions some months later

Mr Kemp said from a position in mid-1979, when the group had 450 million bricks in stock — "at a cost of 15 per cent per annum" — and eight factories either shut down or partially closed, the position had swung dramatically

"If I had then put it to my board that we resume operations, spend millions and re-employ some 2 000 workers which had been laid off, they would have laughed at me "

He said no one could then have predicted the scale of the boom

"In the middle of last year, the upturn started in the building industry Usually, it is a slow building-up process Normally we have ample warning But not this time "

He gave five reasons — "as I see it" - for the sudden surge in building activity and the concomittant demand for his company's products

'Minerals especially gold, prices have rocketed Government building plans some shelved previously, have come back on stream Demands for better housing, schooling and hospitals were being answered

"The general atmosphere of economic optimism has encouraged housing developers There was an increase of building related to the defence of the Republic "

Mr Kemp said approaches had been made to the Government for greater forward planning and that instead of committing public funds for one year it was suggested that this should be done on a three-year basis

He added that the Government and quasi-Government bodies absorbed about a third of the country's brick requirements

'This proposition has gone forward and I understand it is being considered

"All it really means is that the Government commits itself forward for three years, and not for one year as is presently done '

As a result of the action the group was now taking, "we believe that we will break the back of this problem (the brick shortage) by the middle of next year ' — Sapa

Glass price has risen 23 pc

STAR 30/9/80
(193)

Fair Deal Reporter

The price of glass has gone up 23 percent in less than six months — which means an added R92 to the cost of building a house

Mr W E Freeman, marketing director of a large glass manufacturer said the price rise was unavoidable

"It was justified because cost of raw materials and labour went up, generally speaking, more than the increased price. Oil for instance, went up 80 percent"

Glass went up 16,7 percent in April and another 6,5 percent increase has just been announced

The executive director of Bifsa (Building Industries Federation of South Africa) said that the increase will have a minimal effect on the cost of houses

"The only time glass becomes a meaningful figure is in tall buildings composed mainly of glass"

Mrs J Tatham, vice-president of the Housewives League of SA said "Too often the price of an article is increased with promises of minimal effect to the consumer"

FM

To meet the current brick shortage Toncoro which already controls 51 of SA's brick supply is undertaking a R30m expansion programme.

To be completed by the end of 1981 the programme should boost Toncoro's production by 370m bricks a year.

In Natal the group is recommissioning an old works at a cost of R750 000. This will increase brick production by 27.3m a year and will come into production by April 1981. The Durban calcium silicate facebrick factory is being expanded and by next April it should increase production by 6m bricks a year.

In the Transvaal a plant will be erected at Lawley. Costing R8.3m, it will come on stream by July 1981 and will have a yearly output of 70m bricks. A similar factory with the same output at an undisclosed site will start production at the end of 1981.

Further modifications to the Henley plant will boost production by 22m bricks by the end of 1981. The group is reopening its Bedfordview concrete brick factory. The plant will produce 36m bricks a year.

In the Western Cape R1m is being spent on doubling the existing Koelenhof works near Stellenbosch. This will come on stream by next April and should increase production by 32m bricks a year. Work is also being done on the Killarney and Stellenbosch works to increase their production by 22.5m bricks a year.

In the Free State a R5.3m factory at Odendaalsrus will produce 67m bricks a year.

Says group chairman Dick Kemp: The effect of this expansion programme should be felt by the start of next year and by the end of the year our production should be in full swing.

RDM 10/10/80

It's pay now but wait for bricks

By JEREMY BROOKS

CRITICAL brick shortages in the Transvaal have led to manufacturers accepting, and in some cases demanding, payment months in advance with the condition that the customer still pays the extra cost if prices rise

Some buyers have to wait a year or more while companies earn interest on the money they were paid 12 months previously

In a survey, the Rand Daily Mail yesterday asked 10 manufacturers on the Reef about the possibility of buying 20 000 semi-face bricks and received flat refusals from most companies, and an invitation by one to place an advance order for delivery in March next year

"You will have to pay now, and you will still be liable for any extra cost should the price rise next year," the spokesman said The amount involved would have been about R900

One supplier commented "The manufacturers have such a tight hold on the market that they can virtually do what they like "

Mr M Severi, managing director of Witbank Bricks, said "Everybody seems to be engaged in a big project and there is a scramble for any available bricks on the market "

"This has obviously led to some malpractices People were buying bricks from us and then selling at three times the cost Customers are also left waiting for orders for which they paid months in advance

"Certain companies are more concerned with increasing capital in the bank than they are about their ability to fill orders This has led to a lot of headaches "

Mr Severn said that his company would accept immediate payment to settle an advance order if it was offered by a customer who wanted priority on the waiting list However this was not a condition of sale

CONSOLIDATED GLASS

Broadening base

FM 17/10/80 193

Activities. *Manufactures ~~glass~~ containers and tableware, plastic containers and closures, and processes industrial silica sands Owned 55% by Anglo Transvaal Industries*

Chairman· *C S Menell, managing director J C Robbertze*

Capital structure. *6,2m ordinaries of 50c Market capitalisation R68,2m*

Financial: *Year to June 30 1980 Net cash R10,2m Debt equity ratio * 2,6% Current ratio 1,7 Net cash flow R11,4m Capital commitments R7,3m*

**including provisions*

Share market: *Price 1 100c (1979-80 high, 1 150c, low, 400c, trading volume last quarter, 5 300 shares) Yields 17,7% on earnings, 6,8% on dividend Cover 2,6 PE ratio 5,6*

	'77	'78	'79	'80
Return on cap %	22 3	24 5	31 9	38 0
Turnover (Rm)	70 9	70 8	86 9	114 3
Pre tax profit (Rm)	6 6	8 5	12 8	18 3
Gross margin %	11 3	13 0	16 1	16 9
Earnings (c)	67 4	85 0	134 9	194 8
Dividends (c)	24	27	40	75
Net asset value (c)	371	396	494	595

The decision to change its name to Consol Ltd is final confirmation of the company's firm diversification programme away from being just "SA's sole glass manufacturer " It moved into plastic packaging a number of years ago, and last year expanded this division with cosmetic packager SA Brown Containers. In addition, fiscal 1980 saw the entry into the corrugated board industry with the purchase of 75% of Time Packaging in February

This strategy has obviously reduced possible risk to the company of being caught in a shrinking market for what consumers consider the most expensive form of packaging

Even so, the glass division is still the mainstay and its market competitiveness was enhanced during the year as glass costs increased less than the prices of alternative packaging materials

This has resulted in a firm forward order position for the current year But the company anticipates growing demand in the future and has bought a R1,75m site in the newly-developing Olifantsfontein township, mid-way between Johannesburg and Pretoria, for the erection of a new glass container plant The initial phase, to come on stream in 1982, will cost R35m and the second phase, to be added in 1983, a further R16m

Chairman Clive Menell says the project will be financed internally, as well as with outside loans Despite the acquisitions made last year, liquidity is even higher than at the end of 1979, and this project should not unduly stretch the balance sheet

The debt equity ratio, for example, is down from last year's already low 4,5% to 2,1%, after repayment of all long-term borrowings and R1,4m in short-term And, despite debt reduction, strong cash flow raised total cash holdings by R2,1m to R11,1m

Cash flow was boosted by strong volume growth which Menell attributes to consumer spending, continuing product innovation and increased share of some key markets The 32% turnover growth resulted in more economic use of production facilities, but the improvement in margins, evident in a 44% increase in operating profit to R17,2m, must in part have come from meticulous attention to cost reduction and productivity gains

The result was a 45% increase in stated earnings per share to 200c (138c), in the wake of which the annual dividend was raised by 35c to 75c

In the face of these results, trading in the share has been sparse (only 5 300 shares over the past three months) The explanation must be that no one wants to sell With the company's record of 36% compound growth in both earnings and dividends over the past five years, shareholders are holding tight

As a result, the share is somewhat undervalued, relative to the market, on an historic yield of 6,8% For the past two years, it has yielded more than the average, and will probably continue to do so until marketability increases *Fiona Halse*

GG 17/10/80
7259

NOTICE 753 OF 1980

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

INVESTIGATION INTO THE DESIRABILITY OF MAINTAINING PRICE CONTROL ON BURNT CLAY BRICKS SAND, RIVER SAND AND PIT SAND, CEMENT, SLAG CEMENT AND MIXTURES THEREOF, CRUSHED STONE AND STONE CRUSHER SAND, FERTILISER, COAL AND ANTHRACITE

The Minister of Industries, Commerce and Tourism has, in terms of section 6 (1) (a) of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), directed the Competition Board to investigate whether or not specific circumstances prevail in the production and marketing of the following commodities which make the abolition of price control on such products undesirable

Burnt clay bricks,
sand, river sand and pit sand,
cement, slag cement and mixtures thereof;
crushed stone and stone crusher sand,
fertiliser,
coal; and
anthracite

Interested parties are invited to submit written representations in this regard to the Director, Competition Board, Private Bag X84, Pretoria, 0001, within a period of sixty (60) days of the date of publication of this notice (CB Reference M11/2/2/2/1/27)

(17 October 1980)

KENNISGEWING 753 VAN 1980

DEPARTEMENT VAN HANDEL EN VERBRUIKERSAKE

ONDERSOEK NA DIE WENSLIKHEID VAN DIE HANDHAWING VAN PRYSBEHEER OOR GEBRANDE KLEIBAKSTENE SAND, RIVIER- EN PUTSAND, SEMENT, SLAKSEMENT EN MENGSELS DAARVAN, VERGRUISDE KLIP EN KLIPBREKERSAND, KUNSMIS, STEENKOOL EN ANTRASIET

Die Minister van Nywerheidswese, Handel en Toerisme het kragtens die bepalings van artikel 6 (1) (a) van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), die Raad op Mededinging opdrag gegee om ondersoek in te stel of daar bepaalde omstandighede by die produksie en bemarking van die volgende handelsartikels aanwesig is wat die opheffing van prysbeheer op sodanige handelsartikels onwenslik maak, al dan nie

Gebrande kleibakstene,
sand, rivier- en putsand,
sement, slaksement en mengsels daarvan,
vergruisde klip en klipbrekersand,
kunsmis,
steenkool; en
antrasiet

Belanghebbendes word versoek om binne 'n tydperk van sestig (60) dae na datum van publikasie van hierdie kennisgewing skriftelike vertoë in hierdie verband te rig tot die Direkteur, Raad op Mededinging, Privaatsak X84, Pretoria, 0001 (RM Verwysing M11/2/2/2/1/27)

(17 Oktober 1980)

284 188 193

Official Publications Issued During September 1980

BLUE BOOKS

Report of the Auditor-general on the Accounts of the Chicory Board for the financial year 1 October 1978 to 30 September 1979 (R P 42/80) Price R1,80, abroad R2,53, post free

Report of the Auditor-General on the Accounts of the Tobacco Board for the financial year 1 May 1978 to 30 April 1979 (R P 62/80) Price R1,25, abroad R1,65, post free

Report of the Auditor-General on the Accounts of the ...

Amptelike Publikasies Uitgegee Gedurende September 1980

BLOU BOEKE

Verslag van die Ouditeur-generaal oor die Rekeninge van die Sigoreiraad vir die boekjaar 1 Oktober 1978 tot 30 September 1979 (R P 42/80) Prys R1,80, buitelands R2,53, posvry

Verslag van die Ouditeur-generaal oor die Rekeninge van die Tabakraad vir die boekjaar 1 Mei 1978 tot 30 ...

29.

Govt to probe abolition of price control on bricks

STAR 12/11 Feb 1983

The Government is investigating the possible abolition of price control on bricks, cement, fertiliser, coal and other commodities.

The Competition Board has been instructed to investigate whether price control on these items should be abolished.

The public has been invited by a notice in today's Government Gazette to submit written representations to the Board.

Dr Dawie de Villiers, the new Minister of Industries, Commerce and Tourism, announced that the board would investigate the possible abolition of price control on seven items.

These are burnt clay bricks, sand, including river sand and pit sand, cement, including slag cement, crushed stone and stone crusher sand, fertiliser, coal and anthracite.

WELCOME

Dr de Villiers said that the working group on price control had found that specific conditions existed in the production and marketing of other commodities which required further investigation.

Durban builders have welcomed reports that the Government is to investigate the possible scrapping of price control on bricks, sand and cement.

The main effect of such a move would be to cut the building industry's inflation rate, said Mr Ian Robinson, second vice president of the Durban Master Builders Association.

Builders' costs are currently rising by 13 percent a year — against an 11.56 percent rise in the country's overall consumer price index.

"Scrapping price control would mean that the suppliers could operate in a free enterprise situation," said Mr Robinson.

"They would be free to lower their prices to boost their competitiveness," he added.

"Unfortunately there are some complete monopolies but I have no doubt that builders generally would welcome such a move."

Durban developer and builder Mr Tony Sym of Canema Homes said it would be a good thing for the overall industry but the situation could be a little different in Durban where there is basically only one supplier of bricks."

The Government's move, however, does not promise an immediate end to builders' cost problems, he said.

Anyone who wants to make submissions can do so to the Director, Competition Board, Private Bag X84, Pretoria 0001.

Victimisation charge rejected

22/10/80

An executive of a company charged with victimising an employee yesterday admitted "he could not explain" the sudden rash of entries on the employee's record-card after it was discovered she was a trade union member

Mr William Bailey, managing director of the Boksburg company, SAG Ceramics (Pty) Ltd, was giving evidence in the Boksburg Magistrate's Court

The company is facing a private prosecution under the Wage Act brought by Mrs Angel Makhanya, a nursing sister and former employee She claims to have been dismissed in August 1978 because of her membership of a trade union

The action is believed to be the first of its type in South African law

Mr Bailey told the court that Mrs Makhanya and another shop steward, Mrs Catherine Moeng, were dismissed because of "unsatisfactory work-performance" Their membership of the Building Construction and Allied Workers' Union had no bearing on their discharge, he said

He denied suggestions by the prosecuting counsel Mr M Brassey, that the company had "built up a case" against them in order to circumvent a possible charge of victimisation after their dismissal

The case has been postponed to October 28

It's bed time at the hostel in Lawley.

R15 a week and they live in filth

Misery in hostel

By JOE THLOLOE

WORKERS at Mortcor Bricks (Pty) Ltd in Lawley live in a filthy hostel, use pit toilets or the veld to relieve themselves and are paid as little as R15 a week

And the general manager, Mr Jack Woods, says he is "like a father to all these buggers."

"But when you have a wage bill of nearly R3 000 a week, you expect work for it," Mr Woods said

The company employs 105 black workers.

Yesterday we were shown round the hostel that consists of three large rooms and two smaller ones. Both are dark and filthy. Double-decker beds are piled with blankets, boxes, suitcases. Between the beds are old fridges, with locks and chains.

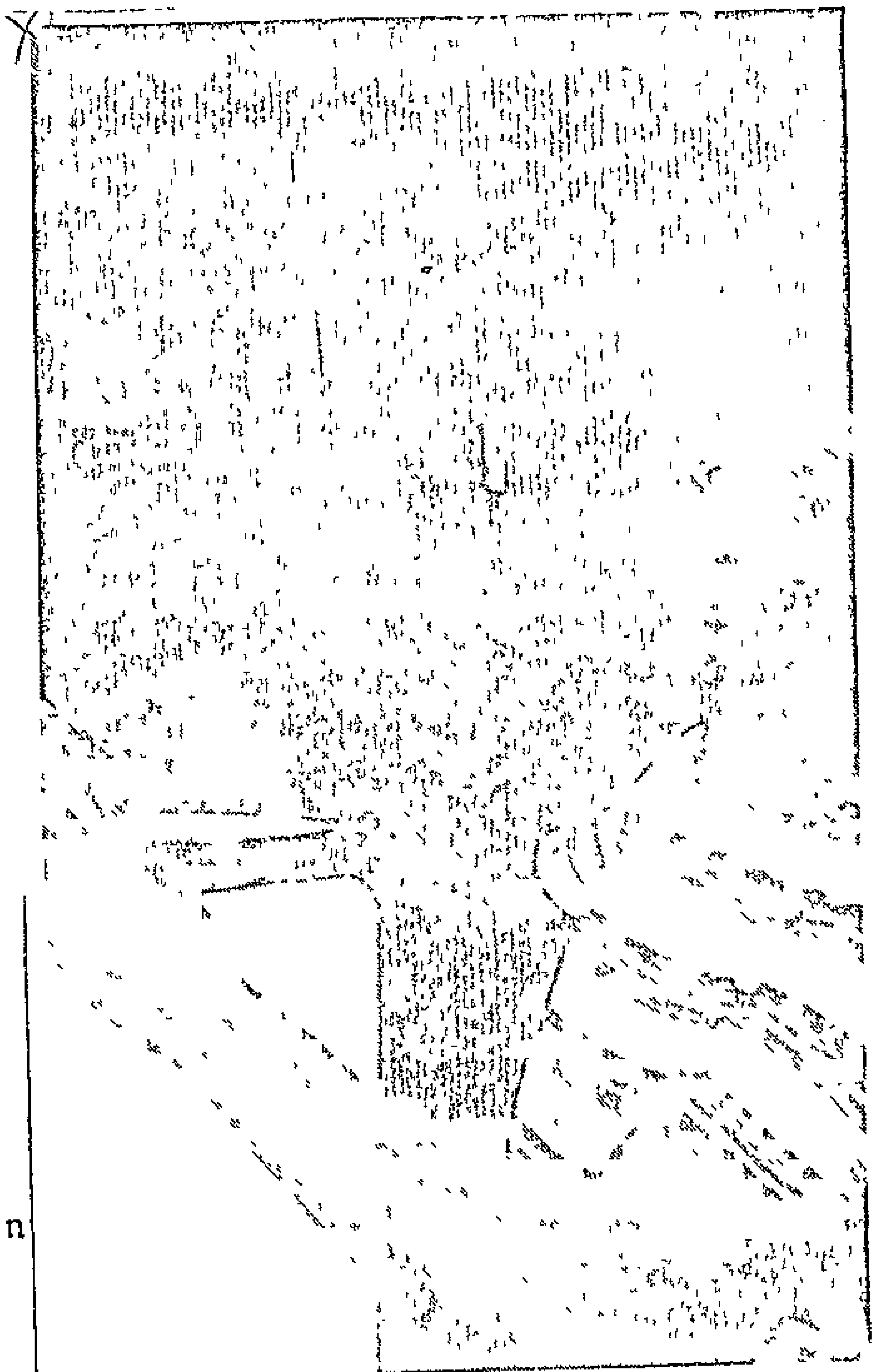
The workers say they scavenge these fridges from the rubbish dumps in nearby Lenasia and use them as lockers.

There are electric lights, but these were not on when we were there. The workers say these were installed two months ago.

We move to the toilets that flush — but these are barricaded with old drums. The workers tell us that these have been blocked for some months now. The shower room next door stinks of urine.

The block of pit toilets is some distance away from the hostels. As we get nearer, we are hit by the smell. Inside we find they are almost full. Flies are buzzing in

To Page 2



A worker dishes out his lunch on his locker — an old fridge that he scrounged from the rubbish dumps at Lenasia.

Brick workers tell of misery in firm's hostel

From Page 1

here. Nausea'

Mr Woods tells us: "I was going to get more rooms In fact, I paint the rooms often, but in less than three months they are filthy dirty again"

Only four of the workers do not live in the hostel.

How many people sleep in each room?

"I'm not sure They just sort themselves out"

Mr Woods said the toilets were blocked because every time he brought newspapers to be used at the toilets, these were used to roll cigarettes

"Then they use strange things like plastic tobacco pouches, cloth, etc, in the toilet," Mr Woods said

"I bought them mattresses two years ago, but just see what they look like now"

We saw the remains of the sponge mattresses It is mainly the covering plastic that remains on some of the beds

Mr Woods said new recruits are paid R3 a day

"After a month, when I am sure that they are here to stay, I then pay them R4 42 a day," he said

The R4,42 makes R22,10 a week The nett pay is R21,25 after 85c is deducted for unemployment insurance

"We pay the drivers from R5 a day and our highest paid workers get about R112 a week"

But Mr Woods conceded that the highest amount included overtime on Saturday and Sunday

The men work from 7 am to 5 pm with an hour's break for lunch

And why don't they get tea breaks?

"They don't deserve it," Mr Wood said "They don't do their work If they give me production, I will give them tea breaks"

Labour [illegible] case postponed

Labour Reporter

A UNIQUE labour court case which is being heard in the Boksburg Magistrate's Court has been adjourned until Tuesday.

The case is a private prosecution brought against an East Rand company, SM [illegible], by a black worker, Mrs Angel Makhanya.

This week the court heard Mrs Makhanya's case and adjourned after two witnesses for the company had given evidence. The hearing will resume on October [illegible].

When the case was initially brought to court, the magistrate, Mr Gideon van Wyk, upheld a defence argument that Mrs Makhanya was not entitled to bring a private prosecution against the company.

Mrs Makhanya's lawyers appealed to the Supreme Court which upheld her right to proceed [illegible] private prosecution.

GYPSUM

193

Better margins

FM 24/10/80

Activities: *Makes gypsum-based plaster and plasterboard, as well as ceiling and partitioning components BPD Industries (UK) holds 49,9% of the equity, and Blue Circle a further 28%*

Chairman: *H B Pearson, managing director R A P Fockema*

Capital structure: *818 250 ordinaries of R2 Market capitalisation R10,3m*

Financial *Year to June 30 1980 Borrowings long- and medium-term, R2,1m Net cash R949 000 Debt equity ratio 27,8% Current ratio 2,1 Net cash flow R2,4m Capital commitments R717 000*

Share market: *Price 1 255c (1979-80 high, 1 350c, low, 360c, trading volume last quarter, 2 550 shares) Yields 20,8% on earnings, 6,0% on dividend Cover 3,5 PE ratio 4 7*

	'77	'78	'79	'80
Return on cap %	17,1	17,8	24 4	35 0
Turnover (Index*)	118,2	109,3	136 5	182 1
Pre-tax profit (R'000)	1 176	1 241	2 151	3 761
Gross margin (Index*)	90,3	103,0	142,9	187 3
Earnings (c)	73	86	141	261
Dividends (c)	32	32	40	75
Net asset value (c)	683	728	799	987

* Base 1976=100

The improvement in the building industry, the brick shortage and the continued emphasis on low-cost housing combined to make fiscal-1980 a bumper year for Gypsum And chairman Harold Pearson expects the higher level of demand to at least be maintained in the current year, although it seems that profit growth is likely to slow to more normal levels

The past two years have been exceptional, with higher demand for group products correcting the previous capacity underutilisation problem This, coupled with the introduction of higher technology products such as Rhinoshield, has led to a doubling of gross margins since 1977, enabling the group to achieve a 220% pre-tax profit improvement during this period from an overall gain in sales of only 54%

The effect on profit ratios has been equally significant, with the gross (pre-tax and -interest) return on capital employed doubling to 35%, and the net return on equity funds improving from 10,7% in 1977 to over 26% — a very satisfactory level for a price-controlled industry

Last year's higher profits were achieved without any strain on the balance sheet, despite increased capex of R2m (R1,2m) and the R921 000 added to working capital to match the larger turnover Virtually all of this was financed internally, with total borrowings up only R123 000 There was, consequently, a drop in the debt equity ratio from 33% to 28% The company also ended the year with slightly higher cash resources of R1,3m (R953 000)

This could indicate that present distribution policy is a little conservative Over the past two years, over 70% of earnings have been retained, but the company is probably taking into account its current cost earnings which, at 102c, give a much more slender dividend cover Also, capex is likely to be higher over the next three years, as the group progressively replaces the calcining section of its Pretoria factory with more modern equipment Other capital projects include the expansion of the Pretoria warehouse, while the purchase of additional land adjoining the Cape Town factory points to forthcoming capex in this area as well

The share at 1 255c is nearly 100c off the year's high and yields 6% on last year's dividend This is higher than the prospective yields of many industrial companies and, given even modest growth in the current year, Gypsum thus looks to be good investment value The only limiting factor is marketability, with the two major shareholders between them holding almost 78% of the equity *Brian Thompson*

Gypsum . . . improving potential with new plant

BLAIKIE-JOHNSTONE 193

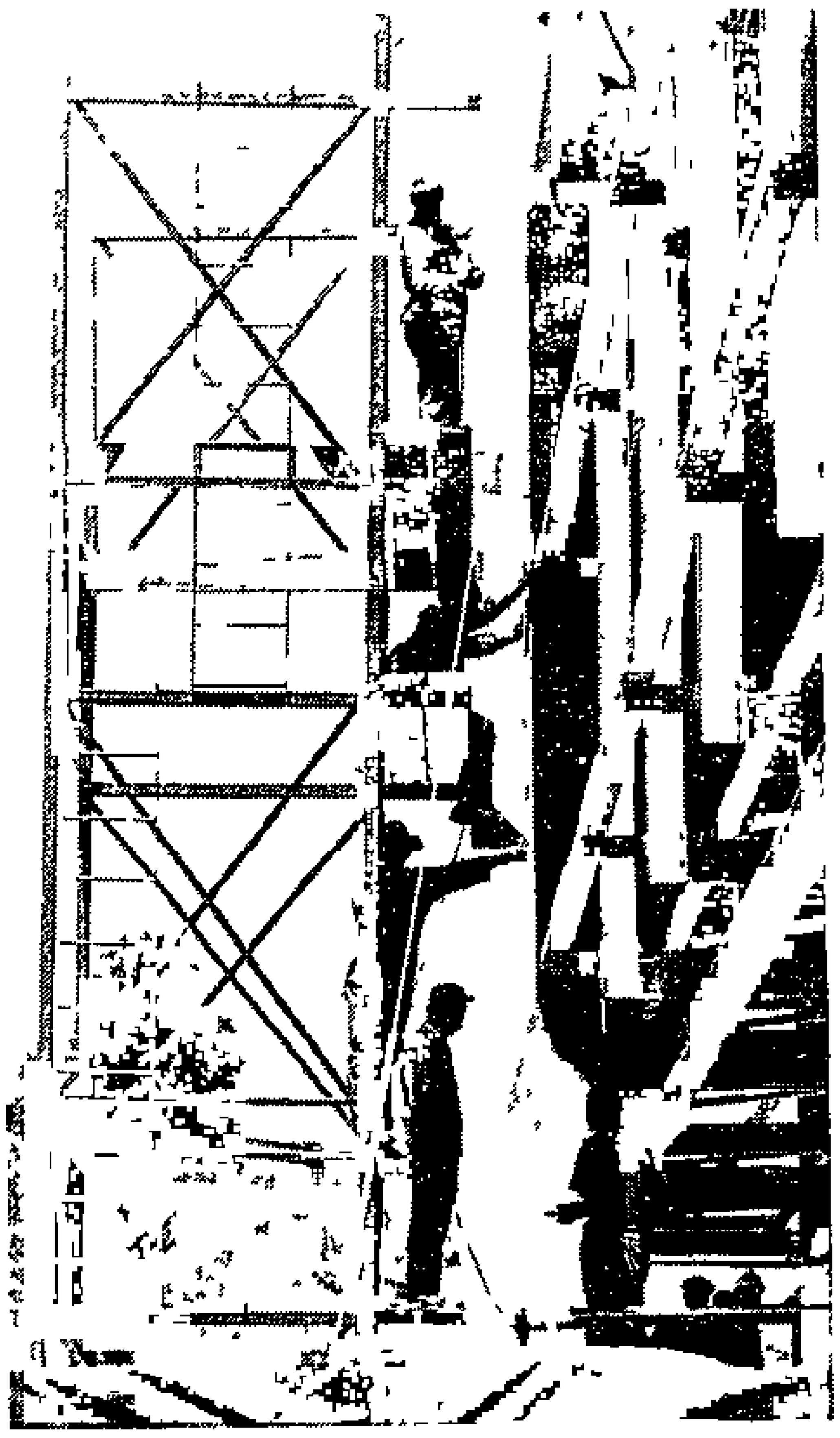
Some knots

FM 24/10/80

Activities· *Supplier of building materials nationwide Owned 84% by W F Johnstone*
Chairman· *J C F Johnstone*
Capital structure. *10m ordinaries of 50c, 100 000 5,5% red cum prefs of R2 Market capitalisation R19,0m*
Financial· *Year to June 30 1980 Borrowings long- and medium-term, R2,3m, net short-term, R3,9m Debt equity ratio 32% Current ratio 2,3 Net cash flow R2,9m Capital commitments R145 000*
Share market· *Price 190c (1979-80 high, 225c, low, 67c, trading volume last quarter 66 000 shares) Yields 20,2% on earnings, 7,4% on dividend Cover 2,7 PE ratio 5,0*

	'77	'78	'79	'80
Return on cap %	18 2	12 0	19,7	26,6
Turnover (Rm)	40 6	38,4	46,0	58,5
Pre-tax profit (Rm)	3,1	2,1	4,1	6,7
Gross margin %	8,7	6 6	10,0	12 1
Earnings (c)	17 4	12,2	23 7	38,3
Dividends (c)	7 5	5,5	10,0	14,0
Net asset value (c)	150	160	174	199

It is a widely held view that SA's building industry will experience peak demand during calendar 1981 It seems somewhat paradoxical, therefore, that building materials supplier Blaikie-Johnstone believes its rate of profit growth will not be maintained



Blaikie-Johnstone . . . bottleneck worries

Chairman John Johnstone forecasts that "profit in the current year should show further improvement but not to the same degree as in the past year since the rate of increase in activity of the industry is not likely to be maintained " Johnstone expects supply bottlenecks to restrain industry growth

Also, of course, builders have stocked up in anticipation of a higher level of activity and supply problems and orders are thus likely to start declining It is also true that in the current phase of the construction cycle, most of the suppliers' high volume materials have already been used or ordered

Certainly, the biggest single ingredient contributing to the profit improvement in fiscal 1980 was the utilisation of spare capacity and thus lower unitary costs Add this to the industry's ability to pass on increased costs and still maintain a high demand and it is no surprise that the 27% increase in sales led to a 61,6% increase in attributable earnings

With the gross margin at its highest level since 1974, pre-tax profit rose 61,8% to R6,7m The group continues to be taxed at virtually the full rate, 41,4% in 1980 as opposed to 41,1% previously

Surprisingly, cover has been increased from 2,4 times to 2,7 times though the 14c distribution represents a 40% increase The group achieves a healthy return on capital and is currently under-geared partly due to revaluation of fixed properties which are now adjusted upwards by R8,2m Johnstone says that "substantial further borrowings are readily available "

Expansion plans are not clearly defined. If, as Johnstone predicts, the rate of growth in the industry is tapering off, why put in spare capacity to catch the downturn? The answer probably lies in the direction the group's expansion has taken in fiscal 1980 A small Vryheid building materials merchant was bought and a nominal stake in a franchise-selling company was acquired

Johnstone is concerned over the effects, this year, of inflation and bottlenecks His company is in sound shape to service both continued demand and to survive any small recession which higher building costs may induce

Though dividend growth may be restrained to partly fund needed working and investment capital, returns look set to remain at a high level for the next two years The current yield is attractive and does not need much of a dividend increase to provide an inflation-beating investment.

Ian Muil

CEMENT (193)

nice pour

FM 24/10/80

the cement industry when times are
-d they are damned bad, when times are
-od they are outstandingly good After
-ur lean years, Pretoria Portland, Barlows' cement and lime producer, is going all out to recoup lost earnings as soon as possible

Thanks to the April 1980 cement price increase and strong recovery in demand from the building and construction sectors for cement, group pre-tax profit on the newly adopted current costing system is 37,9% up at R42,3m Utilisation of excess cement capacity at higher prices has restored the cement division to the position of prime contributor to group profits Cement sales increased by 27% to R110m, but profit more than doubled to R13m Cement thus contributed 54% (44%) of the total

Turnover rose 28,1% to R176,7m so, though lime contributed only 27,7% of sales, this division remains a higher margin operation than cement The lime profit contribution was 38%

The company has accelerated its capex programme and the tax rate is consequently significantly down at 41,5% (53,2%) on current cost figures and 33,2% (43,1%) on historical costing This gives after-tax profit a higher proportional increase and after the deduction of minority interests, attributable profit is 75,7% up at R23,9m

The growth in earnings per share has been diluted by the redesignation of 'A' shares into pari passu ranking ordinaries The increase in earnings to 134,7c remains excellent at a rate of 49,3% This earnings figure excludes investment allowance benefits, but the change to current cost accounting means the transfer of additional depreciation to non-distributable profits can now be dropped In fiscal 1979, R9,3m was transferred to reserves

Though a period of high capex is now starting, distribution policy has historically taken this into account and will be maintained On current cost figures the 47c dividend, 34% up, is covered 3 times This is a small increase on the 2,6 times cover provided in 1979, but it is an accurate reflection of what "real" retentions, as opposed to seemingly high but inflation-eroded retentions, are likely to be over the next few years

According to the group, dividend cover on current costing "gives a far more realistic picture of group performance against the background of inflation"

Fiscal 1981 is likely to see higher sales in both the cement and lime divisions Cement demand should further improve as the major civil engineering projects get under way — construction uses far greater quantities of cement than the building industry which has, so far, recovered faster than construction Also extra capacity will come on stream during 1981 and sales growth could thus outstrip that seen in the year under review

Higher demand from the mining industry for lime, used in beneficiation processes, should continue for the next year and, though capacity here is also being increased, it is unlikely that margins will come under pressure

A repeat growth performance is a distinct possibility in fiscal 1981 and the share, on a 5,3% yield, looks one of the better buys in today's market

Ian Muil

Price control has a hand in brick shortage

[illegible]

He said "There is a shortage of bricks, the severity of which varies in each province and according to the type of brick required. Such a shortage [illegible] ing conditions [illegible]

[illegible] plusses and shortages.

"I think it possible, however, that price control as an impediment to free enterprise marketing of building materials may unwittingly contribute to a shortage situation."

Price control cut across the self-regulation inherent in a free market system and posed many problems.

Mr Kemp stressed that "the mechanics of price control have always been applied fairly in so far as I am aware. It is not the administering office which is under fire but rather the concept of price control itself."

Most price-controlled indus[illegible]

[illegible] enough but the position actually gets a little [illegible] worse than that.

In a free market, a surplus caused prices to fall, a shortage [illegible]

[illegible] to the degree that on average over [illegible] the return on investment was bound to be insignificant.

"Manufacturers have gone out of business, and probably will go out of business because of an inability to [illegible] such [illegible]"

It was difficult to justify building new production facilities in terms of profitability, particularly as common sense showed that the provision of those facilities should be made [illegible]

[illegible] and expansion of facilities, [illegible] the manufacturers of building materials in terms of slump.

An adjustment of the price [illegible]

[illegible] other benefits, [illegible]

[illegible] of price.

It also relied on on the ability of the entrepreneur to meet the challenge of, among other things, competitive materials, promoting product research and development, [illegible] product quality, providing a backup [illegible] for building materials during both [illegible] tion and construction of a building, and in financial control.

The manufacturer of building materials needed to operate in free marketing conditions if the full benefits of free marketing were to be enjoyed.

GOODHOPE CONCRETE

Little interest

FM 31/10/80

Activities: *Manufactures and markets concrete and allied piping and holds a small investment portfolio Directors hold 73% of the equity*
Chairman: *D R Warmback, deputy chairman M Nulliah*
Capital structure. *750 000 ordinaries of 26,7c Market capitalisation R1,7m*
Financial: *Year to June 30 1980 Net cash R392 000 Current ratio 2,5 Net cash flow R159 000*
Share market. *Price 220c (1979-80 high, 220c, low, 70c, trading volume last quarter, 12 000 shares) Yields 13,6% on earnings, *5,7% on dividend Cover *2,4 PE ratio 7,3*

	'77	'78	'79	'80
Return on cap %	1 6	20 2	43 2	26 7
Turnover index†	109	135	181	197
Pre-tax profit (R'000)	(63)	174	514	367
Earnings (c)	(36 8)	23 1	68 6	30 0
Dividends (c)	—	—	10	*12 5
Net asset value (c)	84	105	165	180

* Excludes special 2 5c dividend † 1975=100

Had it not been for the sharedealing portfolio, there would have been little of interest in the company's annual report Activity in the concrete pipe market might be picking up but, with few of the company's shares held outside the boardroom and an erratic profit record, investors are steering clear of the stock

Last year trading operations produced a pre-tax profit of R329 000 (R344 000), while turnover increased 9% (34%) The directors offer no explanation for this dip in profitability, though it appears to be a result of rising costs at a time when selling prices remained static

This situation could rectify itself following the granting on July 1 of increased selling prices of concrete pipes. But without the benefits of sharedealing profits, earnings performance could be dull

Goodhope secured a contract for pipes for phase one of a sewerage contract in Pietermaritzburg in May and has recently been awarded the supply contract for phase two The value of the two orders is around R1m and it has necessitated capex on plant and equipment of R100 000 The directors say Goodhope is not going ahead with marketing its ocroton sewer pipes at present, because of strong demand for stormwater pipes and the two Maritzburg contracts

In 1979, Goodhope announced it would reduce its sharedealing activities Thus fiscal 1980 started with 36 000 South Roodepoort shares, which have since been sold and replaced by 2 000 Durban Deep However, from now on, no sharedealing investments will be held While this might have the effect of smoothing any profit trend, sharedealing profits in 1979 enabled the company to repay all its loans and improve liquidity Last year, sharedealing produced a R38 000 (R170 000) profit

This year higher profits and dividends are expected The share, at 220c, yields an historic 5,7% on the 12,5c normal dividend On the basis that earnings could increase by 30% this year and the dividend to around 17c, the share is still not particularly attractive in view of its limited market

Des Kilalea

(193)

TONCORO FM 7|11|80

Working overtime

193

A year ago, nobody wanted to be in the brick business — except for Tongaat Corogroup At that time, the company had 450m bricks in stock and eight brickworks were either closed or working short time Now, there are no stocks and the group will work through the December builders' holiday to make up order backlogs while, at the same time, plans are in hand to increase capacity by some 330m bricks (21%) as well as to import 2m bricks from the UK

With this demand and the return to production of nearly all the group's mothballed factories, it is not surprising that pre-tax profits for the six months to end-September nearly doubled to R13,9m (R7,5m) Earnings were 37,4c (17,7c) and a 10c (4c) interim dividend was declared

The directors say working through the builders' holiday will increase brick production by some 45m bricks, while R16m already committed to expansion will lift annual production from 1 567m to 1 900m bricks by end-December 1981 Longer-term, the group realises the dangers of the building cycle but with success in persuading larger customers to indicate their building plans some years ahead, Toncoro will continue expanding The group sees brick demand growing strongly for some 18 months before any tailing off, but with these longer-term demand indications and the improving non-white market, no major decline in sales is expected

Toncoro's expansion plans, which include opening new brickworks around the country, will be financed from cash flow And with a low debt equity ratio of 16% at end-March, there is considerable scope for gearing up before dividends are restrained

For the second half, the directors forecast earnings of 33c for a 70c total with a final dividend not less than 16c (8c), giving an annual 26c (12c) Sales orders are probably now in hand for the second six months, so this forecast is likely to be on the low side, particularly as there are no costs involved in holding stocks and unit production expenses should not greatly hamper profitability

At 400c the share yields a prospective 6,5% indicating the market holds the view that the second half forecast could be conservative given full capacity operations and the decision to work the builders' holiday Longer-term, with cost increases less severe and the possibility that there could be a controlled brick price increase next year, Toncoro looks a sound buy

Des Kilalea

R4m amine plant for SA

19/11/80

193

A R4m amine plant, the first of its kind in South Africa, is to be erected at Wadeville, Germiston, according to an announcement by Chemical Holdings, a subsidiary of AE&CI.

The plant will be built and run by Trochem a member of the Chemical Holdings group, and will save the country upwards of R2m in foreign exchange annually once it goes into production in the second half of next year.

The plant will eventually manufacture a complete range of sophisticated fatty amines intended mainly for the mining, textile, bitumen and fertiliser industries.

Phase one of the development programme will see the first-ever production of amines used as liquid ion exchange reagents in the hydrometallurgical extraction of uranium. The principal product of this range, alamine 336 has been imported until now. — Sapa

Plate Glass reports record earnings

By DAVID CARTE
Deputy Financial Editor

WITH demand from its customers in the building, motor and furniture industries soaring, Plate Glass has reported record earnings in the six months to end September and forecasts that earnings will be 75% ahead at the end of the year

Sales in the half year were 37% better at R147 million and pre-tax profit based on the conservative, tax saving "lifo" method of stock valuation was R20 200 000

Plate Glass has not provided comparative figures as the group was not on lifo last first half But, it points out, without lifo, first half earnings would have been 100 7c — a 91% gain on last year's first half

With the tax rate up from 33% to 38% since the year end due to the expiry of assessed losses and investment allowances lifo based earnings were R12 900 000 or 87 1c

The interim dividend was lifted to a 2 5 times covered 35c Even though dividend cover has been increased from 2 1 since the year end, the interim dividend is a 94% improvement on the 18c paid last first half

PG's pyramid Placo, has doubled its half time payout to 12,6c (1979 6,3c)

PG has forecast year-end earnings after lifo of 180c — a 75% improvement on the 103c earned last year

First half pre-tax income is 78% of the total for last year while earnings at the half year stage are 85% of last year's total This, and a traditionally more buoyant second half, means Plate Glass will have little difficulty attaining its earnings forecast even though at this stage it is not quite halfway there

With effect from October 1, Plate Glass has bought several timber and board companies The biggest was Knep Timbers, bought for R12 600 000 cash Once these have been streamlined and rationalised into the group PG says returns should exceed the group's target of a 20% yield on assets before tax interest and lifo

To help fund the new acquisitions and increased investment in Australia and the US UAL has arranged a R10 million pref issue for PG The prefs have been privately placed and carry a variable interest rate, starting at 6 25%

According to a statement even before the latest acquisitions PG's building industry exposure based on assets and sales was down to 38% Furniture accounted for 25% motor 24% and other 13% As a result the listings of PG and Placor will switch from building to the industrial holding sector of the JSE

COMMENT If PG only attains its target earnings of 180c and half time dividend cover is the pattern for the year end it will pay a total of 72c, a 44% improvement At 900c, this would put the share on a minimum prospective yield of 8%

The chances seem good that Placor will be able to double its payout at the year end as well, which would put it at 29c on a prospective 11,1% yield making it the better of two good bets

Firm is fined R100 for victimisation

Staff Reporter

A COMPANY was found guilty by the Boksburg Magistrate's Court yesterday of victimising a worker, and fined R100. It is understood to be the first successful private prosecution over victimisation.

The prosecution was brought by Mrs Angel Makhanya, a nursing sister of Daveyton, against her former employer S A G Ceramics, after the Transvaal Attorney-General declined to prosecute.

The magistrate, Mr G van Wyk, ordered the State to pay Mrs Makhanya's costs. These are likely to be considerable, because she launched the prosecution more than a year ago with the aid of the Federation of South African Trade Unions.

Besides fining S A G Ceramics R100, Mr Van Wyk ruled that the firm should bear its own costs.

Mrs Makhanya told the court she was dismissed on August 11, 1978, because of activities as shop steward for the Building Construction and Allied Workers Union.

The success of the prosecution comes after an initial court ruling against her, and a successful appeal to the Transvaal Provincial Division of the Supreme Court.

Last year Mr Van Wyk ruled that Mrs Makhanya did not have title to prosecute her employer. But the Supreme Court found that she had "direct and substantial interest" in victimisation proceedings, and had title to bring a private prosecution. The case was referred back to the magistrate.

In summing up yesterday Mr Van Wyk said S A G Ceramics had claimed the reason for the nursing sister's discharge was her neglect of patients at the firm.

He said the charge that she had also "influenced" workers had been added as an afterthought. The inference could be drawn that Mrs Makhanya's influencing of her fellow workers was one of the reasons for her dismissal, though it was not the only reason given.

Mr Van Wyk said there had been contradictions in evidence for the defence.

Though it had been said in evidence that there had been many complaints about Mrs Makhanya at the firm, only two had been entered on her record card.

Mrs Makhanya also denied that she had been warned about her behaviour by her employers.

The Wage Act contained a presumption that the employer was guilty of victimisation until he had proved the contrary. Mr Van Wyk said S A G Ceramics had not convinced the court that Mrs Makhanya's dismissal was not due to victimisation.

Speaking in mitigation Mr F G Preller, for the firm, said it was likely that a claim of illegal dismissal and compensation for loss of wages would now be brought against S A G Ceramics. There was also a strong likelihood that other workers might institute similar actions.

Tender for ash extended

Cape Times 3/12/80

Staff Reporter

THE City Council's utilities and works committee has extended the tender for the purchase of ash over the next three years from the Athlone power station to January 1

So far, three brick firms have made offers, the highest being from Brick and Clay Products Limited Their offer would bring in an estimated income of R240 000 in 1981, with correspondingly higher amounts for the next two years.

Tenders to buy the 60 000 cubic metres of ash accumulating each year at the power station were invited after National Portland Cement discontinued their contract with the council

193

Business Mercury

Bricks still in short supply

Finance Reporter

BRICKS are still in short supply in most parts of the country, in spite of efforts by the country's largest supplier, Corobrik, to reduce frustrating waiting times which have stretched even further over the last month

While Toncoro yesterday quoted a mere two month delay for face bricks in Natal - three months shorter than the next most fortunate province — the backlog for common bricks here has reached around 10 months from the seven predicted during November

In the hard-hit Transvaal with a 12-month waiting list for both face and common bricks, Sapa reports that Toncoro's planned new cement brick factory at Sasolburg will come on stream in July

Durban

The factory, producing similar products to those made at the Corocrete factory in Durban, will cost R1,8m and total annual output will be about 24m cement bricks to serve the critical areas of the West Rand, Soweto, the gold mines and Sasol

Yet in spite of this and other measures such as importing British and Zimbabwean bricks — the first million English bricks are due in Durban in about two weeks' time – re-opening and expanding plants, the supply position remains largely unchanged

P P CEMENT FM 5/12/80

Growth ahead (193)

Activities: *Cement and lime manufacturer with 100% of Northern Lime and Cape Portland, 50% of Cemafrique, Cement Sales and Parem, 33% of Slagment and 24% of Durban Cement Barlow Rand has 53,7% and Old Mutual 6,7% of the issued equity*
Chairman: *G H Bulterman*
Capital structure: *17,8m ordinaries of R2 Market capitalisation R159,3m*
Financial: *Year to September 30 1980 Borrowings long- and medium-term, R24,8m Net cash R1,4m Debt equity ratio 15,1% Current ratio 1,9 Net cash flow R39,6m Capital commitments R65,9m*
Share market: *Price 895c (1979-80 high, 915c, low, 350c, trading volume last quarter, 95 000 shares) Yields 21,7% on earnings, 5,3% on dividend Cover 4,1. PE ratio 4,6*

P P Cement's capex requirements over the next two years are high and chairman George Bulterman forecasts that within five years further expansion will be needed in the cement division

	*'77	'78	'79	'80
Return on cap %	15 2	16 2	18 8	21 9
Turnover (Rm)	119 4	130 8	138 0	176 7
Pre-tax profit (Rm)	25 1	26 0	37 8	52 9
Gross margin %	22 6	28 3	29,6	31 5
Earnings (c)	†83,4	†86	†139	194,4
Dividends (c)	32 5	30	35	47
Net asset value (c)	684	742	817	973

* 15 months † Excludes A shares

Shareholders probably have little need, however, to worry over the effect this could have on dividend policy On an historical costing basis, the company's retentions are inflated The provision of a supplementary group current cost income statement shows, however, that true cover, with the distribution of a 47c (35c) dividend is 2,9 times This, taken in conjunction with three important factors cited in the annual report, mean that dividend growth at least equal to the 16% compounded average achieved since 1976 could be attained

The factors leading to this conclusion include the fact that the Price Controller has assured the industry that in the determination of future prices a 15% pre-tax return on assets will be used in the price formula In the past, a 10% return was allowed

Apart from the effect this has on investment criteria, it has a strong effect on cash flow This means, to go on to the second point, that group gearing can be increased, doubling would not strain the company on current cash flow levels It is likely that the group will take advantage of comparatively soft rates in the short end of the market But, if this is done to the extent of a balancing act between long and short loans in the book, the group would probably choose, as a matter of prudency, to ensure a large line of credit on the long side

At the balance sheet date, the net cash position and the gearing in long-term debt was a function of the advance repayment of R10,5m long-term debt by using both short-term borrowings and the high cash flow generated during the year

The third pointer to continued dividend growth is the stability of the lime market, which aids budget planning The lime division contributed 32% to net profit on a current cost basis, but 29% on an historic cost basis What can be read into this is that, as the profit reliance on the cement division is reduced, so the demands for replacement at an above-inflation rate are reduced

The increase in earnings in financial 1980 was boosted by the April 1 1980 cement price increase Though cement sales rose by 26,9% to R110,5m, the contribution to net profit was 141,5% higher at R13,8m The current year is expected, Bulterman says, to see cement sales 10% higher and, as there is still spare capacity, the cost benefits of these marginal sales should be high

The current strength of the balance sheet and projected demand for both cement and lime over the next three years should allow the company to maintain its current high return on capital and an earnings growth above that likely to be generated in the industrial sector

In the current phase of consolidation in industrial shares, the building and construction sector is widely seen as having high relative strength Holding P P Cement could thus well prove to be more rewarding than some blue-chips which, over the next year, look good purely for capital preservation purposes

Ian Muil

of labour to agriculture)

- a local labour bureau for every prescribed area (townships in urban areas).

The central labour bureau is concerned with policy while the regional labour bureaux are concerned with regional co-ordination.

In the homelands there is a system of territorial, district and local labour bureaux. Workseekers apply at the local bureaux for work while requisitions for labour enter via territorial or district bureaux.

In non-prescribed areas, employers have to :

- register with a district labour bureau and notify it of all vacancies
- register the employment (or termination thereof) of every African within 14 days with the bureau. African men wanting employment must register at their nearest bureau; this requirement does not apply to women.

In prescribed areas, the conditions are more stringent. Employers must satisfy themselves that a potential employee

Giant new brick company formed

337 7/12/80 S Times Bus 193

By Elizabeth Rouse

A NEW force has emerged in the brick industry with the acquisition by the Pretoria Sabrix Group of the Cape Town-based Crammix brick company

The R1,6-million purchase of Crammix results in a group with three factories and clay reserves for more than 20 years at present rates of production.

Sources close to Sabrix say that the group is a likely candidate for a JSE listing once the expanded Sabrix-Crammix operations are fully operational.

Sabrix technical director Tom van Bommel says that output is being expanded immediately Production will increase further after Sabrix has injected several million rands into the Cape and Pretoria plants for the installation of additional tunnel kilns and other facilities

This will probably make Sabrix the second-largest brick manufacturer in South Africa (No one can touch the giant Corobrick's output, however)

Sabrix, controlled by the Rumble family, was formed 18 years ago to exploit two clay deposits west of Pretoria The company assumed prominence in the industry only in 1973, when it decided to install the largest automatic coal-fired kiln in South Africa

By going for capital-intensive automated equipment in an industry which traditionally has a high labour cost, Sabrix was able to attain unusually high levels of productivity — a factor which stood the company in good stead during the years of the building recession

At present the brick industry has a capacity of about 3 200-million bricks a year, and, on average, the delay in deliveries is six months

Safety at Cape asbestos factory gets nod

22/11/86

~~137~~

193

By DAVID BLEAZARD

OFFICIALS of the Department of Health are satisfied with safety precautions at the new asbestos textile factory in Philippi But no checks have yet been made of the asbestos fibre levels in the air workers breathe.

Asbestos dust released in asbestos mining and manufacturing processes is a recognised cause of lung cancer Many experts believe there is no safe level of exposure

The Kapasit Asbestos Factory at Philippi is required by the Department of Health and Manpower Utilisation to maintain a fibre level no higher than two fibres a cubic centimetre of air

SUGGESTIONS

'No fibre counts have been made up to now,' said Mr L E Tucker, air pollution control officer in the Western Cape

However, Mr Tucker said he was 'very happy' with the way the factory was operating

'We have made various suggestions to them, which they are happy to incorporate

[illegible] is remarkable [illegible] very good And the machines are completely housed'

SPINNING

Mr Tucker said the factory was not yet in full production The spinning section was operating, but not the weaving section

No deadline would be set for fibre level counts until the factory was fully underway.

Kapasit itself bears the responsibility for carrying out tests Mr Tucker said it was unlikely the Department of Health would do any monitoring unless it was unhappy with Kapasit's results

EQUIPMENT

He believes the company was still waiting for the necessary sampling equipment to arrive

Kapasit will do fibre counts in its own laboratory, under a light microscope at 500 times magnification

Experts agree there are sub microscopic fibres which are not picked up in such tests Some believe the count made under a light microscope reflects the total fibre count but other believe the test is arbitrary

A difficulty in setting a limit to asbestos exposure is that diseases associated with relatively low exposure — lung cancer and mesothelioma — take 15 to 30 years to develop

The managing director of Kapasit Asbestos (Pty) Ltd, Mr Walter Simeoni, refused to speak to Weekend Argus.

MATERIALS * (193)

Dropping bricks

FM 26/12/80

For years sundry operators have been fiddling around with concrete blocks for walling A few have even made a success of it in a small way, but now a major group is setting out to establish concrete masonry as a major alternative to bricks

The ongoing brick crisis has done much to influence the decision, but Grinaker Pre-Cast's Tony Taylor assures the *FM* that the concrete alternative is no stop-gap measure

A three-man team of Grinaker executives has just returned from the US and the board has approved an initial R1m to get the first small plant commissioned

Taylor says a suitable site is being sought on the Witwatersrand From there, the operation will be expanded to all major centres and promoted strongly

He sees two major hurdles

□ The stigma attached to concrete blocks as a downmarket material, and

□ Outdated building regulations that often don't cater for the concrete alternative

With the new national building regulations finally due to make their appearance, he sees no great problem there The bigger problem will be selling concrete to a suspicious market

First off, he says, the new block will have to improve significantly on the ubiquitous "breeze block" which has tended to set the standard

Apart from the fundamental strength of the material, it will also have to meet aesthetic and economic requirements if it is to make headway against established competition

The Grinaker block, therefore, will come in 15 to 20 designs Finishes will be carefully selected and veneers and pigmentation will provide a variety of colours — especially for the homes market

Taylor claims that this will help to make the block some 10% cheaper than the going rate for the brick equivalent Economies, he claims, will derive from faster building times and guaranteed deliveries once the plants have been commissioned One block, he says, will cover the same area as seven bricks

Grinaker hopes to have the first American machine installed and operating by July next year With a maximum potential of 30 000 blocks a day — the equivalent of 210 000 bricks — it won't provide a strong initial challenge to the traditional market

guidelines

Cash-strapped Glendower Golf Club is selling off part of its excess land holdings The club's Mick Schneider says about 90 residential stands of 1 000m² to 1 500m² are now being marketed at R11 000 and over The township will be officially known as Dowerglen Ext 2 and final conditions of establishment were approved a few weeks ago

MANUFACTURING — NON-METALLIC MINERAL PRODUCTS.

6 JAN. 1981 — 4 DEC 1981

R100 [illegible] cement factory for Natal South Coast

Finance Reporter

THE [illegible] South Coast [illegible]

[illegible]

The plant [illegible] Durban [illegible]

[illegible] including [illegible]

[illegible] Natal Portland Cement general manager [illegible] said the company had approved to [illegible] a line from the South Coast line, through part of the historic Port Shepstone Country Club golf course and [illegible] up the Umzimkulu valley to [illegible]

[illegible] to be operating [illegible]

[illegible] would [illegible] immediately [illegible] local [illegible] work force [illegible] about [illegible] in the long term it would keep them [illegible]

The plant could eventually be [illegible] to a maximum of [illegible] 000 tons of cement a year.

(193) SIAM

SA cuts cement exports

Own Correspondent

PRETORIA — South Africa is to drastically cut cement export at the end of this month

The Cement Marketing Organisation no longer feels it is economic to export. Consequently, warehouse facilities in Durban, the main export harbour, are to be given up.

Mr Des Gough, the chairman of a cement manufacturing company said the export drive had begun in 1973, and business had built up slowly. Then in 1978 cement exporters experienced a record year.

Most of these exports had gone to Iran In fact, nearly all South Africa's spare capacity was sent there — about 7 000 to 8 000 tons a year This trade had been worth R20-million

Mr Gough gave various reasons for the ending of cement exports Essentially, he said, it was no longer economic to do so.

The opening of the Suez Canal was one factor. Because of it, small ships no longer passed the Cape, and so to hire them now meant chartering them all the way down from Europe

Secondly, the economic slump in Europe meant a surplus of shipping floating around European harbours looking for trade, and thus lowering costs for European exporters

GENERAL NEWS

Imported bricks for the Reef by next week

193

Star 13/6/81

By Marion Duncan

The first half of an order of 2-million facebricks from Britain will arrive in Durban on Friday and should be on sale in Johannesburg early next week

A spokesman for Corobrick — the company which is importing the rustic-finish golden brown and maize facebricks from Butterley's in England — said the bricks would sell at R330 a thousand

The price, which "merely covers the cost of import, manufacture and transport" has been confirmed by the Government Price Controller

"In fact," said Mr Tony Cadman, public relations officer for Corobrick, "we are authorised to sell them for a higher price.

"But we are doing this as a customer service, and are not making any profit on the deal.

"We have ordered the bricks, which have been custom-made for us because British bricks are slightly smaller than South African bricks, to help the small builder who has not been able to plan his brick orders ahead"

Stock or common bricks cannot be imported because costs would make the final price prohibitive

The first million bricks are scheduled to arrive on the 35 000-ton Raimu on Friday and to be offloaded immediately into 64 SAR fast railway trucks. The consignment is 11 days late

Said Mr Cadman

"The bricks will be on their way to the main centres straight away

"Pretoria and Bloemfontein have been allocated 250 000 each Johannesburg will get 500 000."

OPTION

Corobrick has an option for a further 2-million facebricks from England each month, depending on the response to this first order

Facebricks continue to be imported from Zimbabwe at the rate of 2-million a month — the maximum capacity available from that country — and to be sold at R220 a thousand

DELAYS

At the moment, the delays in the various provinces are as follows

Transvaal 12 months (for face) 12 months (for common), Orange Free State 10 months (for face) eight months (for common), Natal two months (for face) 10 months (for common), Cape Province five months (for face) four months (for common)

Though delays are shorter in other provinces, it is impossible for the Transvaal to import bricks from them because all supplies are fully committed in all areas

It is equally impossible for South African companies to import bricks cheaper from any other country, because of the variation in brick sizes

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize
For the best student in :-

Sixth Year

P F Dunckley

elen Gardner Travel Prize
r a student who has
tisfactorily completed
st, 2nd and 3rd major courses.

A Rappoport

lly Gohl Memorial Prize
r the best woman student
n third year.

iss C Tredgold

avid Haddon Prize
or the best student of

1980 cement sales surge

RDM 21/1/81 193

Property Editor

THE past year marked a dramatic upsurge in sales for the cement industry with domestic sales reaching 7 367 000 tons, the SA Cement Producers Association reports

This is an increase of 21% over 1979

In the fourth quarter of 1980 sales were 1 856 800 tons, 26% more than the same period in 1979

Regional growth rate increases for 1980 were as follows

	+ %
Transvaal	30
Natal	20
Free State	7
Cape Province	7
South West Africa	50

The growth rate for the Pretoria, Witwatersrand, Vaal Triangle area was 40%

Increasing demand from the building and construction industries is likely to continue during 1981 and higher sales than 1980 are expected, says the association

At this high level of demand, transportation, particularly by rail becomes critical to the regular supply of cement to all end users

The industry has appealed to all customers, particularly merchant distributors, to plan orders well in advance and to maintain suitable cement stock levels to avoid any interruption of supplies to their customers in turn

Production utilisation was 85% compared with 71% in the previous year Current expansion programmes by producer companies include

- The newly completed kiln unit at De Hoek Factory in the Western Cape, which will ensure enough supplies for the area for 1981 and some years after,
- The kiln unit under construction at Lichtenburg in the Western Transvaal, due for completion at the end of the year

Also Natal Portland Cement has announced the construction of a completely new factory at a cost of R100-million

It will be situated near Port Shepstone and will cater for Durban s cement demand when it comes on stream in 1983

BUSINESS

Cement industry pours cash into new plants

193

22/1/81

STAR

By Frank Jeans

Cement producers are involved in a massive more than R200-million nation-wide expansion programme to meet demand for construction projects in the years ahead

A highlight of the cement - development process will be the establishment of a R100-million factory at Port Shepstone on the Natal South Coast

This complex, due to come on stream in 1983 and for which tenders have still to be issued, will be created by the major cement producers

At De Hoek in the Western Cape, the R63-million expansion by Cape Portland Cement is complete, and production is expected to start within months

EXTENSIONS

Extensions at the Blue Circle plant at Lichtenburg in the Western Transvaal, at a cost of about R50-million are also scheduled for production this year

An indication of the growing demand for cement is seen in the sales figures for last year — with domestic supply reaching 7,3 million tons, a 21 percent improvement on 1979 sales

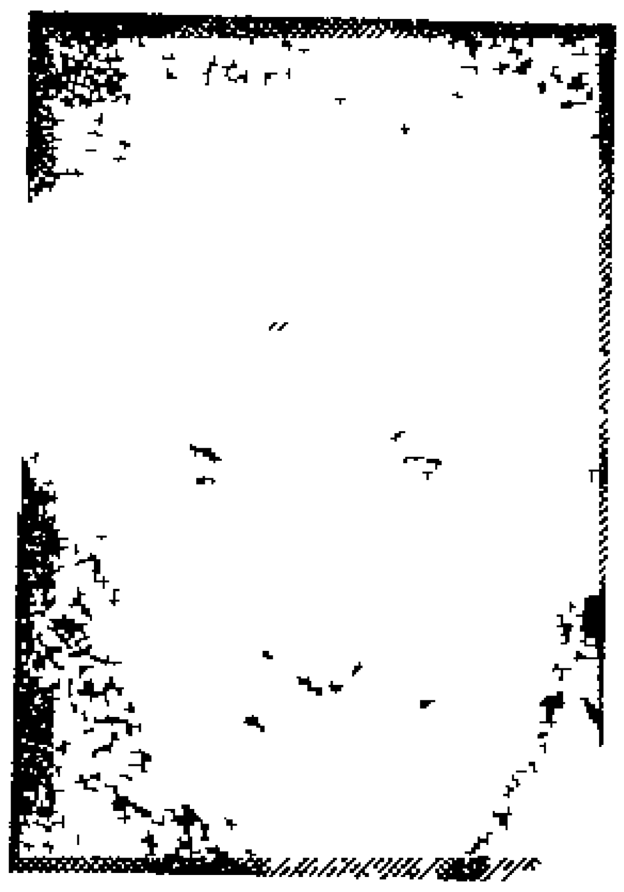
The growth rate for Witwatersrand, Pretoria and Vaal Triangle was 40 percent

Sales projection this year, says Mr George Taylor of the South African Cement Producers' Association, could hit the 8-million ton mark

The question for the cement manufacturers, however, is the capability of South African Railways The increasing demand for supplies from the building and construction industries, will put extra strain on rail movement of cement to the building sites

There were distribution problems last year as demand mounted but these are likely to have now been overcome

"We have to be realistic about this," says Mr Taylor "We are in close touch with the Railways and we believe they have the situation well under control"



Mr George Taylor of the SA Cement Producers' Association . looking for an extra 700 000 tons of cement sales this year.

Lesotho cashes in on brick shortage

ST 16/12 20/1/81

The Star's Africa News Service

MASERU — Lesotho is cashing in on the brick shortage in South Africa to boost its exports of bricks from a large modern factory here

A spokesman for the Lesotho Development Corporation, which owns the brickworks, said orders for 500 000 bricks had been received from a large Johannesburg firm in the building supplies industry

There had also been regular deliveries of bricks to Bloemfontein and the Free State border towns of Ficksburg and Ladybrand

The Loti brickworks is also supplying large quantities for the home market because there is a building boom in Maseru.

BLUE CIRCLE (193)

Well rounded

FM 23/1/81

Though Blue Circle's 28,6% sales increase for the year to November 30 1980 owes much to inflation and the cement price increase, the combination of lower unit costs and a turnaround in the unprofitable heavy equipment division was sufficient to give a 51,8% increase in trading surplus

Investment in new capital over the past few years has been relatively small and the increase in the depreciation write-off was moderate, from R6,3m to R6,9m Until the start of 1980, capex requirements were confined largely to the engineering sector as spare capacity in the capital intensive cement division appeared sufficient for a number of years The upturn in the construction and building industries pushed cement sales 20% higher and Blue Circle's plant utilisation is now close to peak New investment in cement kilns is thus set to increase significantly, the first tranche of the programme being the construction of a R30m, 400 000 t/year kiln at Lichtenberg

At the end of financial 1979, the debt equity ratio was a low 34,2% It is probably marginally higher than that now, but the interest bill being 27,7% higher at R4,5m for 1980 reflects higher interest rates as well as higher borrowings As a result of increased capex, the tax rate is marginally down at 37,8% (38,4%) and as the proportionate increase in minority interests is small, attributable group profit is up by 77,4% to R17,1m

A R413 000 extraordinary profit has been made, but before accounting for this, the increase in earnings is from 45,9c a share to 81,3c Within the confines of the group's financial strategy, Blue Circle is a long way from debt equity, current ratio and interest and lease cover limitations The dividend has thus been pushed up 52,4% to 32c a share with a cover of 2,5 times (2,2) This cover may seem thin if the next three years is to see the group incurring heavy capex commitments The gearing position allows for this retention policy, however

The next few years should see a build-up of demand for cement from the construction sector and Blue Circle will probably have little difficulty in keeping capacity utilisation, and thus margins, at profitable levels The company will continue its acquisition search, however, despite the high demands existing business expansion requirements will make on resources

MD Trevor Coulson says nothing more than "no comment" to reports that talks with Hawker Siddeley are being held to negotiate a merger of the two groups' electrical engineering interests My interpretation of "no comment" is that talks are on This must influence any short-term view of the investment merits of the share

At 490c the share yields an historical 6,5% with a projected yield, on a 30% increase, of 8,6% This, given the earnings breakdown (about 45% from cement) and the possibility of new acquisitions, would tag the share cheap were it not for the overall market weakness

Ian Muil

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize
For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize
For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

P A Rappoport

Molly Gohl Memorial Prize
For the best woman student in third year.

Miss C Tredgold

David Haddon Prize
For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

D H Pryce Lewis

General J B M Hertzog Prize
For the best final year student.

S A Read

Osbourn Prize
For the best work in fourth year.

D H Pryce Lewis

Employees back at work after dispute over breaks

NM 27/11/81 193

Mercury Reporter

TWENTY six employees at a New Germany concrete manufacturing firm downed tools yesterday morning because of a dispute with the management over lunch and tea break hours

By early afternoon all the black employees at I D Lintels in Schwegman Road had returned to work

A spokesman for the company said the company's labour department was 'sorting out' the dispute

The workers, he said were offered tea breaks at 10 a m and lunch breaks at 1 p m but they wanted their breaks an hour earlier in each case

Mr du Plessis also said the workers were offered their lunch and tea breaks all in one

Yesterday morning the employees stopped work about 10 a m but returned to their posts after lunch

Mr du Plessis said he was not aware of the workers demanding an increase in wages

Share swop looks best Toncoro bet

RDM 5/2/81 (193)

By HAROLD FRIDJHON

TONCORO — Tongaat Corogroup — the brick-making giant proposes to buy out the minorities in its two subsidiaries, Coronation Brick Free State and Golden Brown Brick.

The offer in terms of market price and the cash consideration appears to be reasonable, but assessing it in terms of dividend yield is a little difficult

Toncoro is offering Coronation Brick shareholders either 120 Toncoro shares for every 100 shares held, or 360c a share Golden Brown shareholders will get 60 Toncoro shares for every 100 held or 180c cash a share

Shareholders in both companies will get their respective dividends for the year to March 1981, and their new Toncoro shares will only rank for dividends in the following financial year

Before going into the details of the deal, there is one overriding consideration which shareholders in both the subsidiary companies must take into account. Toncoro shares, of which there are more than 21-million in issue, are more marketable than the shares in the other two companies whose issued shares number around 2-million

Marketability can never be quantified But it has a value which should never be disregarded

But to the terms of the offer

Market prices on Tuesday, the day of the offer, were

- Coronation FS 280c
- Golden Brown 150c
- Toncoro 250c, having dropped from 290c the previous week

This means that for every 100 Cor Free States held worth R280, a shareholder will get 120 Toncoros worth R300 or 380c in cash

And in the case of Golden Brown, for every 100 shares held worth R150 the shareholder will get his 60 Toncoros worth R150 or 180c in cash

It is obvious that the performance of this week's market has scraped a little of the glitter off the share evaluations of the offer because the cash offer looks much more attractive than the share switch

But the decision — the money or the shares — should not be taken too lightly when one looks as Toncoro's dividend forecast for the year

After an interim of 10c a share, Toncoro will, according to the forecast, pay a final of 20c, making a total of 30c for the year to March from earnings of more than 70c a share

But one cannot make an assessment of dividends and earnings for the other two companies The only figures available are those for the financial year to March 1980 and these are not valid bearing in mind that for that year Toncoro earned 35,9c a share and paid 12c

One cannot assume that the two subsidiaries increased their earnings at the same rate At the halfway mark they certainly did not

Assessing shareholders' income on the basis of the 1980 figures would be misleading. It is to be hoped that when the offer documents are drawn the relative dividend position of shareholders in the subsidiaries will be spelt out

Superficially, I would say that the offer looks like be worth accepting on a share exchange basis, not the cash alternative, because on the ruling price and the dividend forecast Toncoro is standing on a 12% yield But wait for the offer documents before deciding

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Strikers back at work

Labour Reporter

Workers at the Everite cement factory in Klipriver who walked out at the weekend have returned to work.

Several hundred workers walked out on Thursday, demanding a minimum wage of R3 an hour

Sun 6/3/85

Cusa union gains status

193

Labour Reporter

A second black trade union body affiliated to the Council of Unions of South Africa (Cusa) has been admitted to an industrial council.

The South African Chemical Workers' Union (SACWU) has been admitted to the Industrial Council for the Transvaal Chemical Manufacturing Industry. The union will now be able to bargain officially for its members.

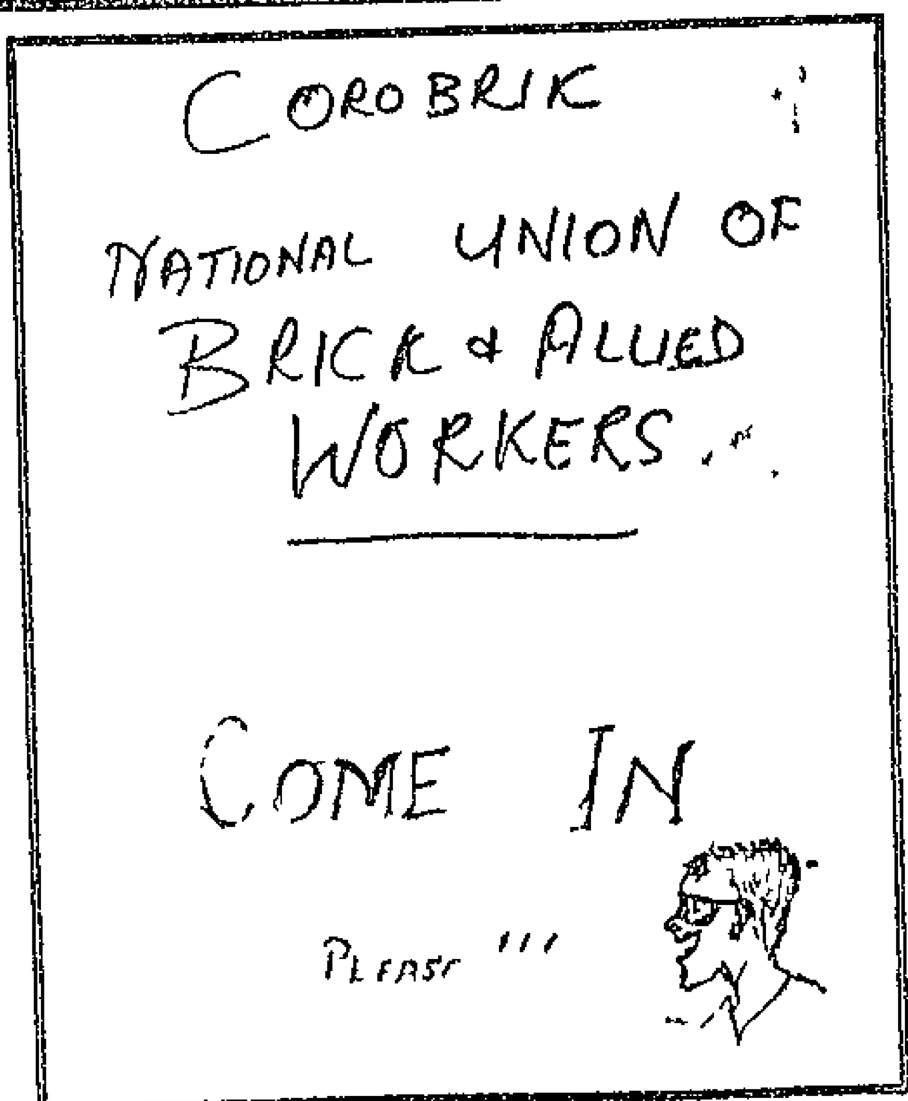
The first Cusa union to become party to an industrial council was the Steel, Engineering and Allied Workers' Union

RDM 6/3/81

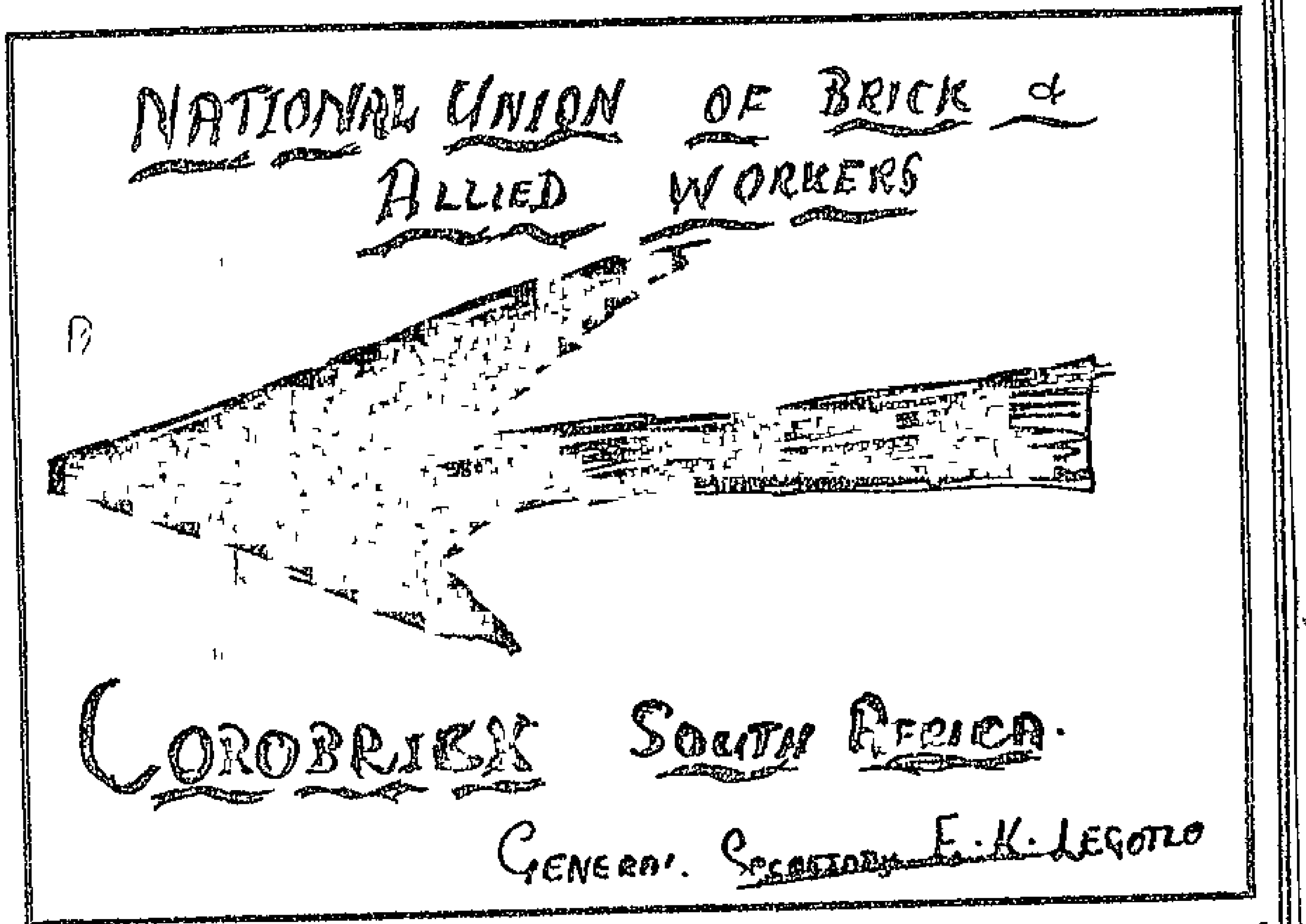
151 138 139 193

Bricks could fly over this close union

The acquittal of municipal worker leader Mr Joseph Mavi has focused attention on the formation of "company" unions by employers. Labour Reporter STEVEN FRIEDMAN reports on an alleged company union which seems set to cause a major controversy in the brick industry.



Signs outside the National Union of Brick and Allied Workers office in Darragh House a company or an independent union?



IF BLACK trade unionists are correct, the spirit of Francois Oberholzer lives — on the first floor of a building at the corners of Wanderers and Plein streets, Johannesburg

The building, Darragh House, houses the offices of the National Union of Brick and Allied Workers (NUBAW), whose application for Government registration is due to be gazetted this morning

While the union's general secretary, Mr Eustace Legotlo, insists that his union is totally independent of management, rival unionists insist that it was formed as a "company union" by management at the Corobrik brick company, a subsidiary of the Tongaat group

The allegations seem set to spark off a controversy which could put another aspect of the Government's official labour system under the spotlight

"Company" unions have a long history They were invented by motor magnate Henry Ford, who formed his own unions at his plants in order to keep the growing American trade union movement out

The experiment was not an unqualified success — indeed, it ended in total disaster If one of the purposes of dealing with a union is to enable the employer to solve genuine grievances through negotiation rather than confrontation, a hand-picked union is unlikely to fulfill this function

But this has not deterred other employers in the Western world from trying the same thing from time to time

Obviously, a union formed by employers is unlikely to give employers a particularly hard time Establishing one also means that you can keep real unions out by telling them that you already deal with a union

It was, of course Mr Francois Oberholzer, chairman of the Johannesburg City Council's management committee, who made company unions headline news in South Africa

His council was accused of setting up just such a union in order to thwart the efforts of the Black Municipality Workers Union under Mr Joseph Mavi

And in the week in which Mr Mavi won his acquittal on charges flowing from the council work stoppage unionists insist that "Obie" has his imitators at Corobrik

Assuming for the sake of argument that the NUBAW is a company union, it may well also be aimed at keeping other unions out of the bargaining process

For it has objected to a registration application by an independent black trade union, the Building, Construction and Allied Workers Union, which is affiliated to the Councils of Unions of South Africa (Cusa)

In a letter to the industrial registrar, NUBAW says that the Cusa union should not be registered for workers in the brick industry because that is NUBAW's area of interest

The objection itself has heightened rival union suspicions because the letter to the industrial registrar containing it was sent by De Villiers and Strauss, a law firm whose address is Smith Street, Durban

The union's head office is in Johannesburg, not Durban Tongaat's head office is in Durban

There are other factors which tend to add fuel to the fire

Firstly, there are two signs outside the union's offices in Darragh House

The first directs workers to "The National Union of Brick and Allied Workers Corobrick (SA)" The second on the door of the union's office, reads "Corobrik National Union of Brick and Allied Workers"

Trade unionists regard this as fairly weighty circumstantial evidence that NUBAW is a company union

It is only fair to add that, when this reporter telephoned the union's offices, a secretary answered the phone with a cheery "Corobrik, good morning", which obviously did little to allay suspicion

Eventually, on being put through to Mr Legotlo the "Mail" asked him what he did for a living before joining the union movement The answer "I was a personnel officer at Corobrik"

Despite all this, Mr Legotlo angrily rejects suggestions that his union is a company union The secretary's greeting, he says, was "a mistake"

He says the union was started independently by himself and other Corobrik workers in 1979 They decided after "the Durban riots" that the official liaison committee system was ineffective and that a trade union was needed

Mr Legotlo adds that the union is not restricted to Corobrik workers and has members throughout the country at several companies He concedes, however, that Corobrik workers outnumber the others

He is equally angry about suggestions that the union is a management "stooge" Management at brick companies has, he says, been extremely hostile to the union

"They have tried to throw us off the factory floor But we keep coming back to them to ask them for facilities and eventually they have to agree "

The union has thus applied for registration "so that they will have to talk to us and grant us stop order facilities"

Mr Legotlo could certainly not be classed as a militant unionist He tells the "Mail" that he is committed to taking up worker complaints but "not if they are rubbish "

He adds "I am not prepared to have my members causing labour unrest over rubbish " As a result, he says, worker complaints are scrutinised "very carefully" before the union decides to act on them

Despite this caution, workers are flocking to the union, Mr Legotlo says, and he claims a membership of 7 500 He claims representation in the Eastern and Western Cape, Durban, Johannesburg and Vereeniging

The union has not yet decided whether it will join any of the union co-ordinating bodies "We might even form one ourselves," says Mr Legotlo The union is for black workers only

Workers, he says, are attracted by free legal aid offered by the union and by "our excellent burial benefit scheme"

He says the union was formed in 1979 and union sources point out that a union which has signed up that number of members in so short a time must have prodigious organising abilities — or be receiving a more cordial management reception than other unions usually enjoy

However, most rival unionists say they do not believe "for a moment" that the NUBAW has the membership it claims And they remain convinced that it is, indeed, a company union

Unionists point to the fact that Tongaat was one of the first companies to back a system very similar to the "company union" idea And they insist it hasn't changed

The company's manpower manager, Mr Stan Savage, says he prefers not to comment on the NUBAW He says Corobrik is "aware" of the union's existence but adds "it would be more appropriate for Mr Legotlo to discuss the matter "

So there the matter rests. But, if union suspicions are founded, it is unlikely to rest there for long

Rival unions are likely to object to NUBAW's registration application as soon as it is gazetted, arguing that it is a "company union

If they can demonstrate that it is one, an interesting situation for the Department of Manpower Utilisation may be created

The department's Minister, Mr Fanie Botha, last year delivered two speeches in which he warned employers against "sweetheart unions" — a category in which company unions certainly fall

There was talk after those speeches that the department would carry this warning to its logical conclusion and be extremely wary of registering any unions which were obviously formed by managements

The registrar's decision would therefore be watched with great interest

An even greater test, however, will be the registrar's decision on whether to uphold NUBAW's objections against the Cusa union's application

If it does, a storm of protest is inevitable, with unionists protesting that the registration system can be used to deny representative unions official bargaining rights

All a company would have to do to keep unions out would be to form one of its own, get a registration application in first — and sit back

After all, unions who apply for registration before their rivals are entitled to object to their rivals' applications

So the rumours about that office in Darragh House may well end up by going well beyond the confines of yet another inter-union battle

R5-million expansion scheme in three phases

193

SA Industrial Week 10/3/81

By Fred Roffey

ONE of the biggest company expansions in the Eastern Cape is being planned by AECI Paints EP (Pty) which anticipates spending more than R5 million on a three-phase programme.

The expansion programme is envisaged for completion in 1985, and it is expected to push the daily paint production capacity in the plant to more than 165 000 litres.

This was announced by the managing director of the company in the Eastern Province, Johan le Roux, who said the Port Elizabeth-based company already supplied more than 85 % of the paint requirements of the motor industry in South Africa and Zimbabwe.

On an 18 hectare site in Struandale, Port Elizabeth, the plant also produced a full range of refinish and industrial paints.

"The first phase of the expansion, which will cost about R1,6-million, is expected to be completed in the third quarter of this year," he said.

"This will increase present paint production capacity by 40 per cent. "The double-storey building of 1,000 square metres being built as part of the first phase will house the latest sophisticated dispersion and other paint-making equipment, as well as the latest design in fire protection.

"Additional underground storage tanks to hold 500 000 litres will serve the new plant," said Mr Le Roux.

The company is in the planning stages of phases two and three, which are estimated to cost about R3,4 million.

They are expected to include an extension of the research and development laboratory, and resin reactors to produce polymers required for the latest technologies of surface coatings in the motor and other industries.

BRICKS (193)

Shortage over

FM 13/3/81

The brick shortage that has plagued builders for more than a year may be over soon as output from a R30m expansion programme by Toncoro, the nation's largest manufacturer, rises and demand slackens

The Tongaat Group's Toncoro, which makes about 6m bricks a day, is expanding production at four major plants in the OFS, Natal, Transvaal and western Cape areas By April 1, the company's 35 plants are expected to be producing 1 720m clay bricks a year, a 417m increase over January, 1980

That means production would have been stepped up by 32% from January, 1980, or enough to build over 14 000 new homes a year

The company, which controls some 51% of the SA brick market, is also accelerating cement brick production by 90m a year from April 1

Toncoro MD Cedric Savage explains that the increased production will ease the shortage, and if the trend of less buoyant demand for housing continues because of soaring interest rates, could do away with it altogether

"While the demand for black housing and commercial and industrial building is definitely up the market for white housing has levelled off Overall, the demand for bricks is up slightly, but nothing like last year's bolt from heaven," he says

"We should be able to meet demand head-on in a few months if things continue the way they are now," Savage predicts

As it stands now, the giant manufacturer, still reeling from the surge last year, has completely full 1981 order books in the Transvaal, OFS and Natal The Cape area Toncoro producers can supply their customers "almost immediately," Savage said

A faster delivery procedure should keep customers supplied quicker, Savage claims, as Toncoro was caught by "a lot of panic buying last year"

Imports have been hampered by high transport costs and other factors Toncoro has already imported two loads of 1m UK bricks each A third shipment is "already on the water," Savage says

The UK bricks are substantially higher priced, retailing locally for about R350 a thousand compared to the SA brick price of about R130 a thousand

But Savage points out that these UK bricks are still fast sellers despite the price "We sold the entire first lot within one day," he said Because building costs are increasing at about 24% a year and bricks constitute about 8%-10% of total construction costs, it 's still worthwhile for builders to buy the more expensive British ones than wait for delivery of SA bricks"

Imports from Zimbabwe have been hampered by a lack of rail trucks Corobrik a subsidiary of Toncoro, has been importing from Zimbabwe at a rate of 1m a month, although it has negotiated for up to 2m a month

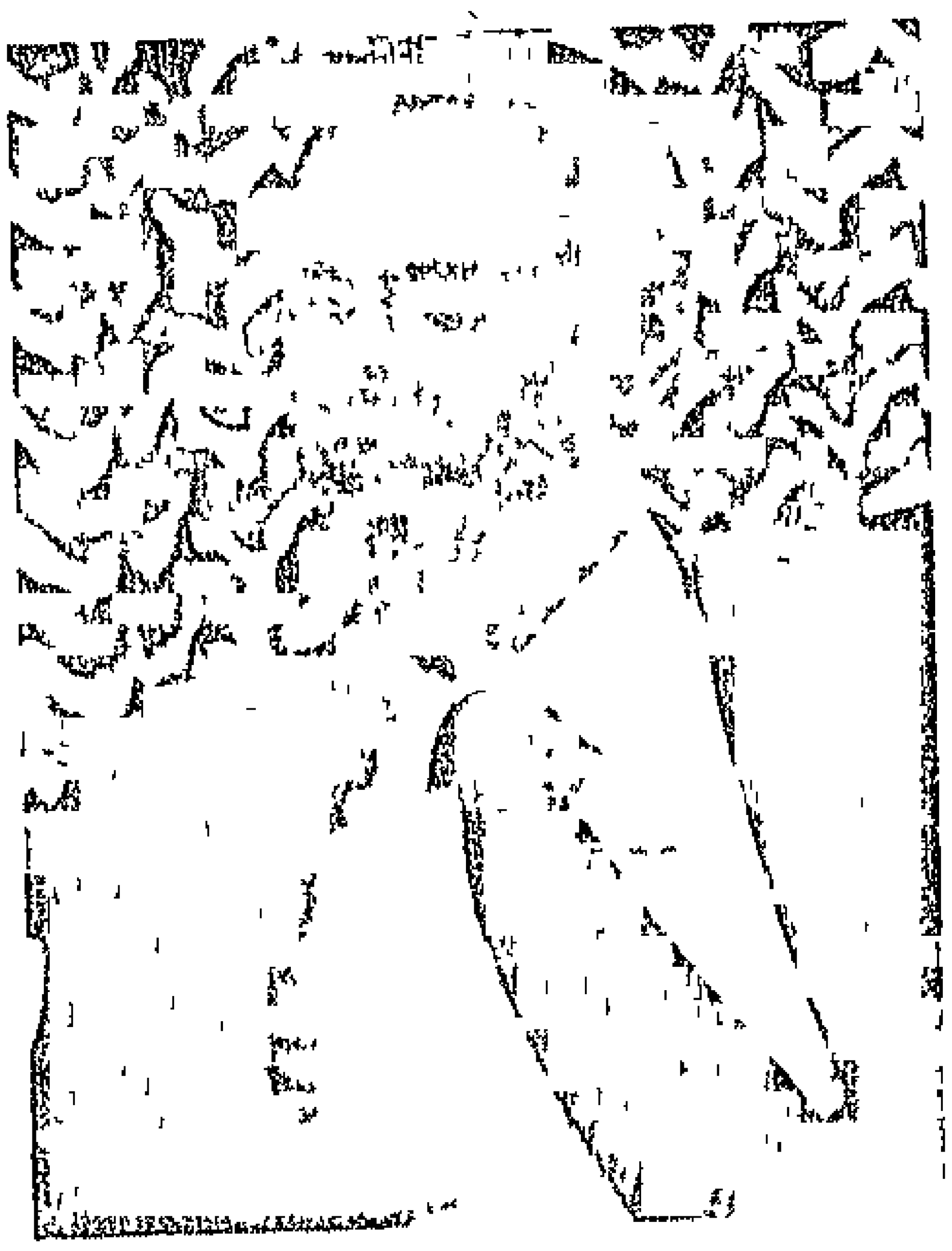
Marketing Manager Ray Andrews says that "we could certainly ship more — up to 3m a month — if the transport were available But there's a lot of problems with the railways on both sides of the border" Zimbabwean bricks sell locally for about R200-R250 a thousand

Andrews says his firm also is negotiating with Zambia, but "once you go further north in Africa, the transport costs are prohibitive"

A Johannesburg trading company, Hampo, has been importing sporadically from neighbouring Lesotho, but at the relatively minor rate of around 20 000 a day Recent rainfalls have temporarily curtailed production at that country's West German-built, Lesotho Development Corporation-owned plant and Hampo director Paul Carpenter does not know when supplies will resume "It's all up in the air now, but we're hoping for next week," he says, adding that production at Maseru could be increased to 60 000 a day

Meanwhile industry leaders concede the weaker demand, coupled with increased supply, could lead to excess capacity in the longer term Toncoro's Savage says that "there is a possibility of getting caught in 1984 with too much production in which case we'd have to think about closing some factories There is always a possibility of a downturn

But for now, we're concentrating on getting output up"



Toncoro's Savage . . . shortage should ease

CEMENT 193

Solid year

FM 13/3/81

Last year was a very good one for SA's cement producers: record production figures matched record sales while Pretoria's Competition Board undertook a study to determine if government price control procedure should remain in force.

Domestic sales totalled 7,3 Mt, a 21% jump, with every regional sector showing growth patterns. The Pretoria-Witwatersrand-Vaal Triangle area consumed 31% more cement in 1980 than in 1979, while the overall Transvaal figure was up 32%. Natal's consumption increased by 20%, with both the OFS and Cape Province showing about 8% gains. SWA/Namibia showed the slowest growth rate with 5%.

Meanwhile, production surged from 6 415 524 t in 1979 to 7 635 939 t last year. Nationally, plant utilisation was 85% in 1980 compared to 71% the year before.

Exports fell to almost nothing last year as the recession in Europe and political disruptions in the Middle East dampened demand. In addition, the earlier re-opening of the Suez Canal lowered European producers' transport costs, thus making SA producers uncompetitive in many markets. The slack was easily taken up by local demand, however.

The recent announcement of April 1 freight increases for SAR & H will undoubtedly have an effect on 1981 prices, though industry leaders say it is too early to tell to exactly what degree. They point out that strong demand is continuing to be felt, evidenced by the performance in 1980's fourth quarter. In that period, sales were up 26% compared to 1979, or a total of 1 857 000 t.

The higher transport costs probably will not dampen sales as much as might be expected, however, because of the industry's cartel arrangement in which three marketing organisations belonging to the SA Cement Producers Association (CPA) control all selling. The arrangement limits the burden of distribution costs for cement — a bulk, capital intensive material — by rationalising output. One of these marketing groups, Cement Marketing, accounts for some 80% of SA's total sales.

CPA's Luyt ... preparing for the investigation

SAR & H's delays have been a bottleneck for the cement producers and the four major producers have asked their customers to order well in advance and keep adequate stocks on hand at construction sites. But SAR & H has apparently now caught up with the unexpectedly large quantities for shipment and industry leaders say the delays are not as serious as last year.

Price control is precisely the issue being studied by the Competition Board. As part of a directive from the Cabinet in November 1980 to investigate originally seven, now eight, separate industries, the Board is expected to judge the necessity of maintaining a government-set price.

Board chairman David Mouton says that, as part of the investigation, his group will "of course" look at the industry's marketing arrangement. "But under the stipulation of the directive, we will not be able to make recommendations about it directly," Mouton says. "We have to stick to the question of price controls only."

Mouton would not speculate when the study will be finished, saying instead that he "hopes" to be completed by the end of the year. "Remember, it's a tall order to study eight different areas. We can take some shortcuts because it's not a strictly formal investigation, but don't expect instant results."

Guy Luyt, CPA chairman, says his group is preparing for the investigation. He argues that in order to promote non-urban building, and thus be consistent with the decentralisation policy for industry, the marketing arrangement should be retained to minimise distribution costs. Not surprisingly, Luyt strongly urges deregulation of price control.

Meanwhile, the strong market has prompted new investment in production facilities, highlighted by Natal Portland's R100m expenditure to build a new factory near Port Shepstone. An additional estimated R100m is being spent elsewhere.

Huge expansion plan spells trust in growth in Eighties

S. Times 15/3/81

193

ANGLO-ALPHA OPTIONS INCLUDE SALDANHA FACTORY

By Stephen Orpen

ALMOST R400-million is to be spent on expansion and renewal by cement conglomerate Anglo-Alpha.

Of some R368-million earmarked for investment in the next five years, R238-million is for expansion and R130-million for replacements

Expansion options include a new factory at Saldanha and a dry-process plant at Ulco in the north-western Cape

Revealed today, Anglo-Alpha's capex figures lift planned capital spending announced by key companies in the cement industry as a whole to more than R1 000-million

The message for the country is clear

First, cement-producers, at least, are optimistic about the rate of growth in the building and construction industries in the Eighties An annual average growth of at least 5% (less than half last year's performance) is the conservative consensus

Secondly, the cement industry seems to be hopeful that the current Government probe into the pros and cons of price-controlling the industry on the existing basis will yield pleasing results

Last year even optimistic industry watchers were surprised by the surge in growth in cement sales. They expected a record domestic sales year

But not the actual year-on-year sales lift of 21% to 7,4-million tons — which accelerated as fourth-quarter sales reached 1,9-million tons, an increase of 26% over the comparable period in 1979

Anglo-Alpha's expansion is slated to cost almost double that announced so far by any other cement producer and is impressive even allowing for the current size and strength of the company, with assets now above R350-million

Regarding performance, the company last year featured in the elite Business Times short list of five "Royal" companies — those whose annual earnings growth over five years has consistently topped 20%.

The new annual report shows that in the past five years Anglo-Alpha's per-share earnings growth rate has now climbed to a dizzy 35%, sharply upped by the latest results.

The preliminary figures for 1980 reflected a leap of 60% in operating profit in the second half of the year compared with the first half, and by 70% for the year as a whole to R50,9-million (R29,9-million).

Earnings per share are up to 70,8c (33,7c) and the annual dividends have reached 27c (17,5) covered 2,6 times.

Why such bold new expansion plans following years in which the cement industry has complained about starvation cement prices as set by the Price Controller?

Industry sources reiterate that producers could be expecting good news from the Competition Board, under chairman David Mouton, which is looking at eight industries, with a particular eye on the necessity of maintaining Government-set prices

At the same time, Anglo-Alpha chairman Mr H Byland notes that a substantial proportion of his company's new capital spending "is dependent on further improvement in price-controlled returns"

With turnover now at R189-million (R138-million), Anglo-Alpha is involved in the production of cement, lime, industrial minerals, stone aggregates, ready-mixed concrete and — surprisingly — textiles

Mr Byland attributes the outstanding results to "accelerating demand for the group's products, especially from the building and construction industries"

Sales volume in the various markets rose by 22%

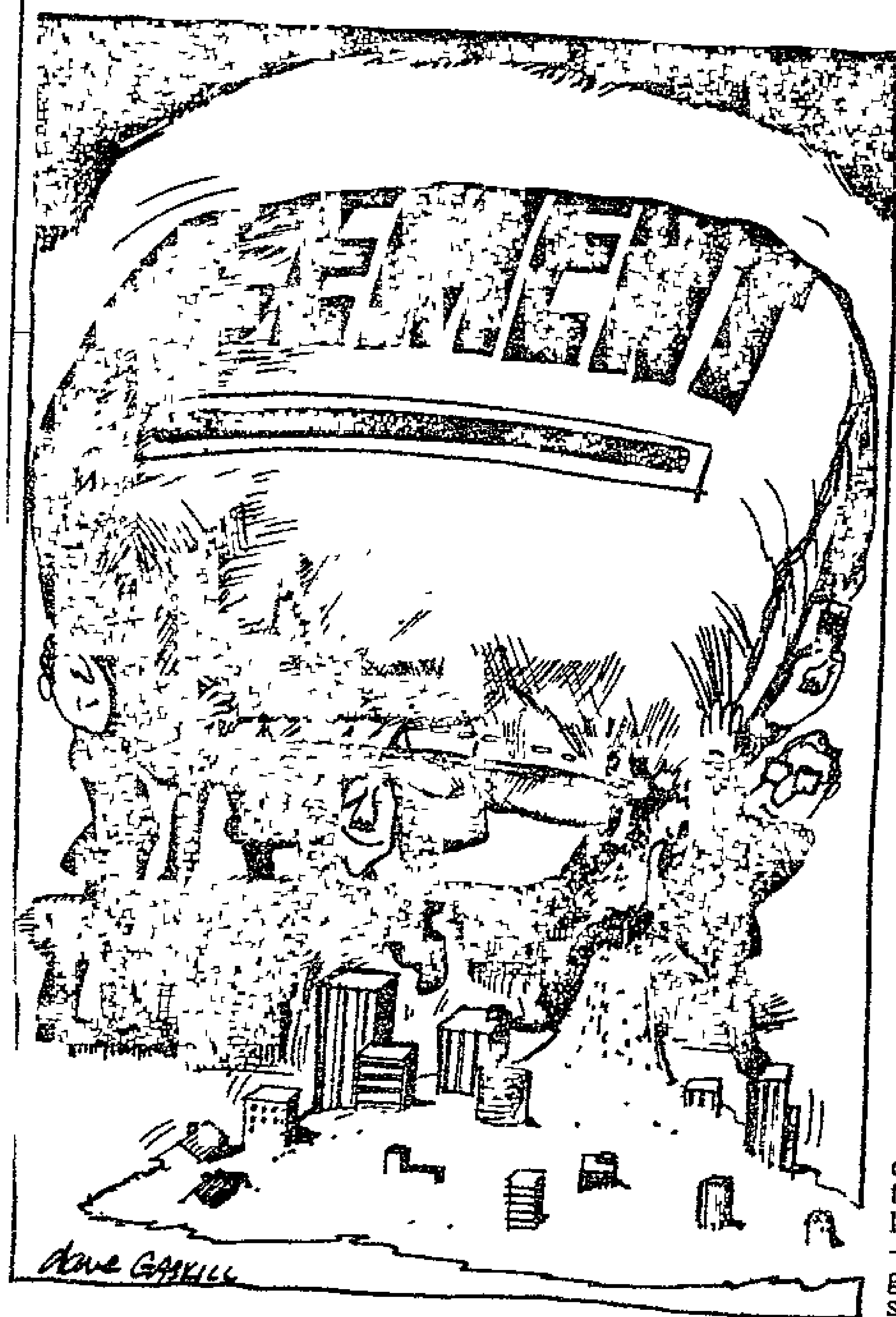
Expenditure of some R81-million is planned for this year alone

Profitability and investments are now closely monitored, along with cash flow, with allowance for inflation by calculating depreciation on the current cost of fixed assets rather than the historic cost Also, stock evaluation is by LIFO

Mr Byland says he expects the pace of investment by the group to quicken throughout the Eighties — which could mean capital spending of more than R1 000-million during the decade as a whole

He says the outlook is "good" for all divisions of the group

In the cement division, turnover last year rose by 39,3% to R83,1-million (R59,7-million) and operating income rose by no less than 80,6% to R29,3-million (R16,2-million)



Brick shortage easing

RDM 17/3/81 (193)

By SUSAN DALLAS

WITH increased production from the phasing in of four new Toncoro factories which will turn out a total of 20-million bricks a month by the end of this year, and building contracts beginning to slow because of a lack of finance, the brick shortage should begin to ease in the next few months.

But immediate supply is still short, and there is a 12-month waiting list for some types of brick

Mr Dick Kemp, managing director of Toncoro, says the company is meeting requirements from clients who placed their orders a year ago and hopes to shorten order-time in the second half of this year when the company's four new factories reach full production

Construction companies are looking to the tightening of mortgage finance and the consequent delay in house-building contracts to free bricks for industrial building

Schachat-Cullum's communications director, Mr Blair Ewing, says there has been a slight improvement in the supply of stockbricks, but facebricks are difficult to obtain.

Corobrick's new factories are at Odendaalsrus, Lawley, Sasolburg and Bedfordview — promising easy supply to the areas of greatest demand — the Free State and the Transvaal, especially the Reef

At Bedfordview a former concrete block factory was revamped to produce cement bricks. Production — aiming at 5-million bricks a month — began there in February.

A new cement-brick factory at Sasolburg with a capacity of 3-million bricks a month should come on stream in July

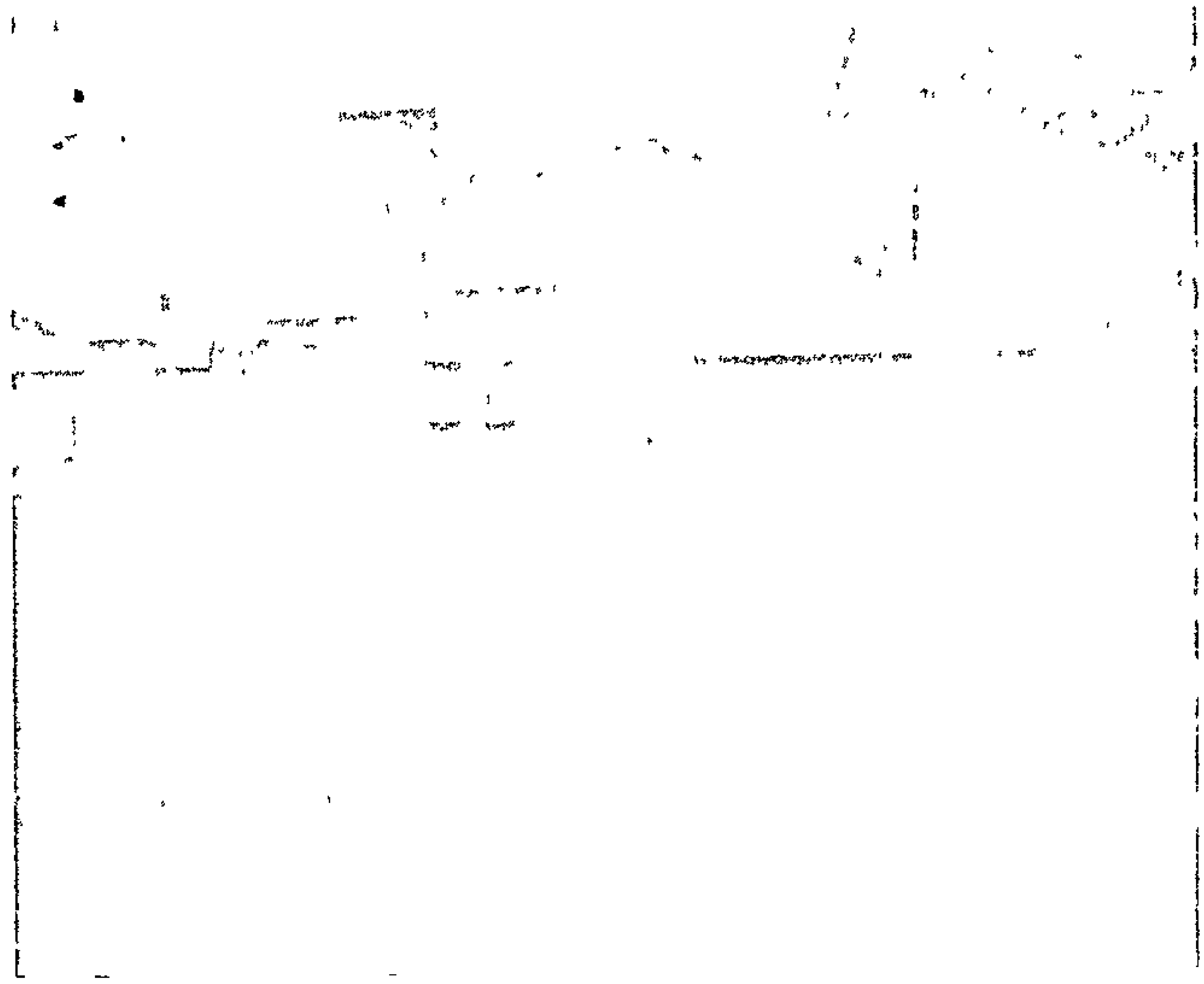
Factories, each with a capacity of 6-million clay bricks a month, will begin operation at Odendaalsrus from April 1 and at Lawley from September 1

ANGLO-ALPHA FM 27/3/81

High capex

193

Activities: *The group produces cement, lime, industrial minerals, stone aggregates, ready-mixed concrete*



Anglo-Alpha major expansion plans

and textiles Major shareholder is Holderbank Financiere Glaries of Switzerland with 33,8%

Chairman: *H Ryland, managing director D Baker*

Capital structure: *30,1m ordinaries of 50c Market capitalisation R128m*

Financial: *Year to December 31 1980 Borrowings long- and medium-term, R58,2m, net short-term, R7,9m Debt equity ratio 31,3% Current ratio 1,5 Net cash flow R34,1m Capital commitments R2,1m*

Share market *Price 425c (1980-81 high, 480c, low, 253c, trading volume last quarter, 229 000 shares) Yields 24,0% on earnings, 6,4% on dividend Cover 3,8 PE ratio 4 2*

	'77	'78*	'79	'80
Return on cap %	7,7	9 4	11,9	16 0
Turnover (Rm)	132 1	176 7	138,1	188 8
Gross profit (Rm)	17,1	32,7	31,3	53 2
Gross margin %	13 0	18 5	22,7	28 2
Earnings (c)	25 1	42 4†	60 4	102 0
Dividends (c)	13	13 7†	17 5	27
Net asset value (c)	307	449	537	740

* 18 months
† Annualised

Anglo-Alpha is embarking on a major capex programme in which R368m is to be spent over the next five years This compares with R164m for the past five years Current plans are for R238m to be spent on expansion and R130m on replacement Capex planned for the current year is R81m, though at balance sheet date, the group had committed itself to only R2,1m

Most of the expansion will be in the cement and lime divisions, although R12m could go to the building of a gold reduction works to process the stone divisions' gold-bearing waste rock No revenue projections on this project are yet available

Cement sales by volume rose 22% last year to 2,5 Mt, raising plant utilisation to an uncomfortable 94% With the cement price increase, the value of sales rose 39,3% to R83m to give a net operating income of R29 3m (81% up)

One of the reasons for this high income increase was the closure of some of the old uneconomic wet process plants and containment of costs which rose more slowly than the rate of inflation Current trading conditions could force the recommissioning of the 250 000 t Roodepoort kilns as a stop-gap to the longer-term permanent expansion programme That programme, the directors believe, is now urgent The alternatives being evaluated are the oft-mooted Saldanha plant and a dry process plant at the Ulco works

Natal Portland, 25% held by Anglo-Alpha, is to build a 450 000 t/year clinker plant near Port Shepstone at a cost of R150m This should come on stream in 1984 and "provide production facilities in an area which traditionally suffers shortages when railage delays occur"

By all criteria, the lime division had an unsatisfactory year The contribution of lime to turnover and net profit was 23,1% and 23,5% respectively — almost half, in both cases, of the contributions from cement The division was hampered by lack of capacity and the 19 1% growth in sales to R27,7m was due mostly to price increases Production costs rose (two shaft kilns were built at a cost of R15m in the last quarter) and so did depreciation charges Net income consequently declined 6 8% to R3 8m

The major consumers of burnt lime are the mining, metallurgical and chemical industries Anglo-Alpha expects activity in these industries to remain high for the "foreseeable" future Capacity at Ouplaas will thus be increased by 42% to 1,2 Mt by the end of 1982 This will cost R43,3m

Huge price increases and increased plant utilisation gave the industrial minerals division an increase of 215 [illegible] in net income to R3 1m This division supplies the paint plastics and ceramic industries, which increased purchases by 14% to [illegible] 000 t To meet projected sales growth, a [illegible] expansion of the [illegible] plant is planned for completion this year, [illegible] additional capital investment will still [illegible]

[illegible]

[illegible] income increase of 55% to R574 000

Together, these results gave the group a net earnings increase of almost 100% to R21,3m These figures, and our earnings in the table do not take account of current cost replacement — on this basis earnings were 70,8c (33,7c), which more accurately gives a dividend cover of 2 6 times

Anglo-Alpha is now in that stage of its business cycle when capex requirements will slow dividend and capital growth for shareholders That is not to say that the company is not starting off its expansion phase with a clean bill of health The balance sheet is as sound as could be desired, with R124m unutilised borrowing capacity in terms of loan agreement restrictions

Gross cash flow was R52m last year. Sales are expected to increase by about 10% in real terms this year and another cement price increase is on the cards Cash flow should thus be more than sufficient to provide capex finance for this year and allow for a 20% dividend increase on the projected 20% earnings increase

It cannot be expected that any of the divisions will repeat the growth rates of 1980 Consolidation, before a period of having to absorb unutilised capacity costs for the next three years, will be the objective this year.

At 425c the prospective yield is 7 6% That is attractive only to those portfolios which can afford to ride out what could be a few relatively lean years before the long-term compound growth rates of 35,5% for earnings and 25,2% for dividends are re-established If you didn t climb aboard two years ago, it would be best to wait until the bulk of this capex programme is under way

Ian Mail

VEREENIGING REFRACTORIES

FM 27/3/81

Steady growth

(193)

Activities *Manufactures a wide range of refractory bricks and materials, clay pipes and roof tiles Has mining interests in its raw materials Amcoal holds 52% of the equity*

Chairman *W G Boustred, managing director H R Reid*

Capital structure. *5,1m ordinaries of 50c 500 000 5,5% cum non-red prefs of R2 Market capitalisation R40,8m*

Financial *Year to December 31 1980 Borrowings long- and medium-term, R6,1m, net short-term, R841 000 Debt equity ratio 18,2% Current ratio 2,3 Group cash flow R15,1m Capital commitments R14,5m*

Share market. *Price 800c (1980-81 high, 1 000c, low, 720c, trading volume last quarter, 14 300 shares) Yields 23,2% on earnings, 7,5% on dividend Cover 3,1 PE ratio 4,3*

	'77	'78	'79	'80
Return on cap %	15 9	25 0	13 3	18,2
Turnover (Rm)	51,9	62,7	77,3	104,0
Pre-tax profit (Rm)	5 1	9,2	13 5	17 5
Gross margin %	18 1	15 4	17 9	17 1
Earnings (c)	61,7	101,7	145,5	185,3
Dividends (c)	30	36	48	60
Net asset value (c)	470	541	673	808

Taking advantage of the strength of the building industry, Verref managed to beat its four-year compound growth rates in sales and attributable earnings in the year to end-December

Though the weakness of foreign steel markets cut back on exports of steel and could have curbed refractory sales to SA producers, demand here was strong enough to compensate Overseas recession, however, did hold back exports of refractories themselves The comparative strength of the two divisions is reflected in the small but noticeable shift in their contributions to turnover and net operating profit (see table) where the roof tiling sector has increased in importance

Verref's mining operations lost ground, with lower contributions from both the Zimbabwe and SA mines Zimbabwe was troubled with transport problems, which are expected to continue this year, and the Mopani mine, in SA, was closed because of lower yields and falling quality of reserves

Poor international demand for chrome held back exports from the Marico chrome mine, though sales to local ferroalloy producers picked up towards the end of the year An improvement in foreign markets is expected later this year

The group's gross operating margin slipped slightly from 17 9% to 17,1% over the year, but this was largely the result of a change to lifo accounting in one of the subsidiaries

Nevertheless, the group managed to push sales above R100m for the first time, and with the possibility of some revival in overseas economic conditions in the current year, just as local building conditions cool off, this rate of growth should not be too difficult to maintain over the next few years

On the back of higher sales and earnings Verref is currently involved in a R14,5m capex programme in both refractories and building products These include a new plant for tar-bonded refractories and updated machinery for the presently labour-intensive specialities division Expansion is also under way at the Benoni, Bloemfontein and Durban roof tiling plants to cope with increased demand expected this year

Expansion will be funded internally, which should be fairly simple with group cash flow at over R15m And with the debt equity at only 18 2% there is considerable scope for additional external finance should this be required

The balance sheet is strong, though both creditors and stock grew by rather more than the rate of growth in profits and return on capital improved slightly Clearly, with the current capex programme the group is capable of responding to increased demand as and when this eventuates

Consequently though the directors merely indicate maintained profit growth, earnings a share could reach 250c in the current year Cover has increased slowly but steadily over the last few years and though there should be no need for increased retentions, a cover of say 3 25 times (3,17) would point to a payout of 77c

Scott Hawker

WHAT THEY CONTRIBUTED

	1980				1979			
	Turnover* Rm	%	Net operating profit Rm	%	Turnover Rm	%	Net operating profit Rm	%
Refractories	65 0	57 2	10 0	59 2	50 9	61 4	8 2	63 8
Roof Tiles	37 6	33 1	4 8	28 4	23 7	28 6	2 6	20 5
Mining	11 0	9 7	2 1	12 4	8 3	10 0	2 0	15,7

* Includes inter-group sales

R800-m needed for bricks

MORE than R800-million will have to be invested in new brickmaking capacity during the next two decades

Growth in demand could require expansion equivalent to opening a new factory producing 140-million bricks a year

This projection was made for Business Times by Dick Kemp, chairman of Toncoro, the country's biggest brick manufacturer

Current production capacity will have to double in the next two decades

The forecast follows an an-

By Andrew McNulty

nouncement this week by Guy Luyt, chairman of the South African Cement Producers' Association that cement production capacity will have to be doubled by the year 2000 at a cost of about R2 000-million

These projections are in today's money

The growth forecasts for these two industries will have a dramatic impact on the country's transport and storage infrastructure

Mr Luyt predicts that cement consumption will increase from the 1980 level of 7 3-million tons to about 15 million tons

This is based on population growth and expected increases in per capita consumption of cement, now about 265 kg per capita compared with a world average of 230 kg and around 600 kg in developed Western countries

Mr Kemp's estimates for brick consumption are based on a historical trend over the past 20 years, when demand for bricks grew by an average 4,5% a year

"The industry is laying stress on long-term planning for capital investment needs to avoid again being caught napping as most were during the recent sudden upturn," he says

Toncoro accounts for nearly 50% of the country's total output of about 3 400-million bricks

The 4 5% growth figure would mean the equivalent of an additional 70-million bricks a year needing annual investment of as much as R20 million

But the expected big investment in mass housing would probably double this figure

"These figures are conservative A lot remains to be done in areas such as low-cost housing We also see demand growing rapidly in areas such as mining and general infrastructure Mr Kemp says

Toncoro recently announced plans to spend R85-million in the next four years (Business Times January 18) on new plant, expansion of existing factories and other replacement costs

7,36-m ton record by cement industry

Argus 31/3/81

(193)

A SALES RECORD of 7,36-million tons of cement was achieved by the industry last year, representing a 21 percent increase over 1979 and 405 000 tons more than the previous record in 1974.

Overall, the Western Cape had the lowest growth rate in cement sales, eight percent — compared with the Transvaal's 32 percent, 20 percent for Natal and nine percent for the Free State.

According to the annual review of the SA Cement Producers' Association a major development in the industry in the Western Cape this year was the completion of Cape Portland's De Hoek factory, increasing local capacity by 500 000 tons a year.

Anglo Alpha have, however, closed their Philippi factory, which was near the end of its economic life, due to the expropriation of land — containing vital limestone deposits — for Mitchell's Plain.

In spite of the closure of the Philippi factory there has been a net capacity gain of 127 000 tons of clinker in the Western Cape.

The cement industry has at its disposal a production capacity of 8,75 million tons for 1981.

This is represented by 18 dry kilns and 10 wet, of which 11 are 20 or more years old.

South Africa is in the fortunate position of having coal-burning kilns which do not rely on oil, as is the case in many overseas countries.

FORECAST

According to the executive director of the Cement Producers Association, Mr G E Taylor, the industry has forecast sales of eight million tons during 1981, representing a 10 percent increase for the year.

This increase in demand for cement is expected to put further pressure on the transport system in the Transvaal. However, in the Western Cape this problem is unlikely to occur

Hunts cling to 63 m ounce silver hoard

NEW YORK. — The Hunt brothers are under no obligation to dispose of their silver holdings — estimated at up to 63 million ounces — within a specific time period in terms of the bail-out loan negotiated last year with a syndicate of 13 banks, according to a source close to the Hunts

The source, at the Hunt Corporate headquarters in Dallas, said there were no provisions in the 'nine-year loan that force the Hunts to sell at a specific price or within a certain period.'

He emphasised that the Hunts were not being pressured by the Federal Reserve Board or banks to dispose of the silver.

'There are still 8½-years left before the loan expires', he said.

VOLATILE

Allegations by some congressmen that the Hunts were not complying with the loan agreement had created a 'volatile situation,' the source said.

'The Hunts don't want to be involved in a three-ring circus by replying publicly to these charges, since any statements by them could bring renewed accusations that they are manipulating the silver market,' he said. — Reuter

Manufacturers pull out all the stops...

S. Tribune 5/4/81

Beating the brick shortage

BRICKS are news. The current demand is still rising and the delivery delay is, if anything, worse than it was a month ago. In Natal, the delay has stretched from three months to six for face bricks and to 11 months from nine for stock. In the Transvaal the wait is a year for both types of bricks; in the Free State 10 months for face and *eight for stock and in the Cape four months for both varieties*

Throughout the country brickyards are working flat-out to try to match the demand. Property Editor Colin Vineall visited three very different yards this week . . .

Ron Richardson and another supply of machine-made bricks

The horse plods on ... in the foreground bric

"DADDY daddy why is that horse going round and round with that beam on his back?"

"He's helping to make bricks, darling"

Facetious? Oh, no Certainly not in a country where every brick is needed twice over Where the demand can still stretch to a year's delay and where man, machine — and horses and mules — are working their hardest to provide the bricks to get the builders working

This week, I saw three methods of making bricks The almost primitive but with a surprisingly modern sophistication, the manual, aided by small machinery, and the machine, aided by a few men

Three of the brickyards which, up and down the country, are fighting the current crisis . . . a crisis in which the accusations and counter-accusations about whose fault it was don't really matter as long as people do something about it

Brian Moorhead, director, and Frikkie Kraukamp, technical director of the Brick Development Association, are doing just that.

First, let me clear up the mystery of those horses and mules To see them, one must travel to Krugersdorp Brickworks, on the West Rand, Klaus Leschner owns and runs the works which makes hand-made bricks in pug-mills A pug-mill is a large mixing pot into which clay and some fine coaldust are poured and churned

The power is provided by the horses and mules, who plod round the pug in two-and-a-half hour shifts

Leschner says horses and mules — all of which looked extremely fit — are better than machines especially in one way If the screw in the pug comes up against a rock in the mixture the horse will sense it and stop, a machine would grind on relentlessly and cause damage One up for horse-power

Inside the pit besides the pug stands man-power. Black power

There are men feeding the pug itself, load by load, and, where the mixture comes out is the measure maker

By skill, experience, years of trial and maybe some error, he can take up handfuls of clay, slap it into rough form on the stock, ready for the moulder who shapes it to the size of a standard brick

Leschner has eight pug-mills but only four are working because of labour shortages Workers, it appears, are leaning towards the softer life

However, the hardier types who brave the conditions, and nobody can pretend they are pleasant, turn out some 500 000 bricks a month They are sold within 28 kilometres or so of the yard where possible to keep down transport costs Leschner is fuel conscious and claims he uses less fuel for each 1 000 bricks than some big brick-makers

The curious sophistication in this yard is that, according to Leschner, man and mule work better with music.

* * *

Dr Benoni van Graan is a man who has made a study of bricks He was born into his father's brickyard and although he became a veterinary surgeon, he is back with bricks, at Wes Rand Steenwerke, also in the Krugersdorp area

His bricks are also handmade and, like Leschner's, are burned in huge stacks out in the open The stacks are plastered and form an open-clamp kiln under which a fire is lit and allowed to spread The fine coal incorporated into the pug mixture ignites and spreads the fire within the kiln, brick by brick It is a centuries-old method

Why a home-made brick?

Van Graan replies "Because its inherent texture is lighter and is not compressed without being perforated — this has advantages to transporters and bricklayers alike

"It also bonds very well with the mortar because of its rough texture and gives great strength to a wall or whatever It takes plaster well, plus nails for skirtings and cornishings and when it comes to plumbing withstands chiselling excellently"

The main differences between Van Graan's yard and Leschner's are machinery and size Van Graan uses electrically powered pug-mills, driven by a surprisingly small motor

Van Graan points to the huge hacks—rows of bricks waiting for the kiln — and shows the layman the distinctive fold a hand-made brick develops Overseas, he says, hand-made bricks are something to be prized, here he battles with the Bureau of Standards and their rigid measurement controls

A hand-made brick, he says, is like the sea, every wave is different and pleasing to the eye Van Graan demonstrates his bricks He will crack two together and exhort you to "listen to the ring" He as a brickmaker knows the ring of a good brick

* * *

ONE cannot write of brick manufacture without mentioning the nationwide Corobrik organisation How can you? It makes more than half the bricks in the country's supply line

But, at West Driefontein, there are no mules, no kilns to be lit with old newspaper, wood, and coal This is 1981 — the bricks spew out of the equivalent of a vast pug-mill in sausage fashion, same colour, same shape, same size — according to the formula required, of course.

Thousands of square metres of factory, the pride of the country's brick technology, are giving builders 42 million bricks a year, 115 000 a day, 4 794 an hour, 79 a minute, one and a bit a second, and all rigidly meeting the SABS specifications

Factory manager Fred Drieselmann is proud of his plant. His bricks are exported throughout the country, including special lines for special jobs.

His kiln is gas-fired and here, with justifiable pride, he will nod towards his own gas manufacturing plant — "a miniature Sasol" production manager Ron Richardson calls it.

The masses of bricks here go aboard the kiln cars into driers, where masses of water is extracted, and on to the gas-fired kiln It's a 57-hour cycle from clay to brick

Nearby, the old down-draught kilns stand idle They could be re-opened one day but sinkhole tests are awaited — the factory lies in the Bank-Carltonville area.

Bricks for Africa then Handmade, machine-made . . . and, at present, each one is like an ingot of gold to the nation's builders.

Cement and lime divisions get lion's share in R368-m capital projects plan

ANGLO-ALPHA SPELLS IT OUT

SA Industrial Wk 7/4/81 (193)

PLANS to boost production in Anglo-Alpha's cement division by R150-million, and to expand development in their lime interests by R101,6-million, have been disclosed following an announcement to spend R368-million on capital projects by the end of 1985.

Dave Baker, Anglo-Alpha's group managing director, has given SA Industrial Week a detailed breakdown of this five-year programme which involves expenditure of R238-million for expansion and R130-million for replacement, rationalisation and overhauls

After cement and lime, the stone division has an allocation of R84-million, industrial minerals will spend R18,8-million and the invest-

ment division, textiles division and other elements of the Anglo-Alpha group will account for R14,3-million, says Baker.

Expansion alternatives for cement include erecting a new factory at Saldanha or establishing a dry process plant at Ulco in the North-Western Cape

"There is a third option — expansion at the Dudfield factory in the Western Transvaal might appear to be the most economical venture," says Baker

"I'd say, however, that we

● To Page 3

● From Page 1 SA Industrial Wk (193)

will look at increasing capacity at Ulco before considering Dudfield or a new plant at Saldanha " 7/4/81

Planned production will consume R127,5-million of the cement division's budgeted R150-million Clinker production could be boosted another 250 000 t from the division's present 2,3-million t if the company recommissions its kilns at Roodepoort

Tippler replacement and dedusting improvements are underway at Roodepoort where a R1,2-million programme should be completed before 1982

For the repositioning of a mobile crusher at Dudfield in 1983, R1,3-million has been set aside A cement silo has just been built there.

A proposed clinker plant at Simuma, near Port Shepstone, will cost around R100-million Anglo-Alpha has a 25 % share in this project

In lime, the major expenditure of R43,3-million will be for increasing lime-burning capacity at the Ouplaas factory, North-Western Cape, where kilns 5 and 6 are due for commissioning in June

"Looking even further ahead, we'll probably be spending about R21-million, at current value, on new kilns again in 1987," Len Booysen, general manager of Union Lime — the lime division of Anglo-Alpha — told Industrial Week

The estimated cost of replacement, rationalisation and overhauls in the next five years will average out at R3-million annually

A significant feature of the lime division budget is R1,3-million for 1981 and similar amounts in coming years to put the Anglo-Alpha social and environmental policy into effect This expenditure will go into items such as hostel improvements, provision of housing for employees of all races, recreational facilities and environmental preservation or restoration

A similar programme in the industrial minerals division will absorb some R400 000 a year

Two sizeable projects in the industrial minerals division are due for completion in October this year — a glass grade plant costing R1,7-million, and a R7-million flotation plant, both at Umzimkulu Lime About R500 000 a year will go into a dolomite plant at Umzimkulu during each of the next three years, and by the end of this year the milling capacity at Transvaal Magnetite in Phalabora will have been doubled

The stone division's budgeted R84,3-million to the end of 1985 substantially exceeds the total amount allocated to specific capital expansion projects

Baker says "The planned replacement of mobile plant over the next five years would account for this difference A single vehicle, such as a quarry excavator or front-end loader, could cost about R500 000 to replace "

The stone division, Hippo Quarries, may take grater advantage of the fact that some of its dumps contain gold-bearing rock Hippo has an agreement to supply gold-bearing material to the Sallies reduction works. The company is also considering the erection of its own reduction works on the East Rand

The project would cost some R12-million, a site has already been acquired, and negotiations have commenced with the Department of Planning with regard to the establishment of a slimes plant

Other projects in this division include a plant costing R2-million which could be established in the Roodepoort area by the end of this year, and completion of a Bophutatswana quarry plant — just north of Pretoria — in 1981 or early 1982 In addition, Hippo has acquired quarry property and dumps to increase its stone reserves

In the domain of the investment and other divisions, two new buildings are due for completion by the end of 1981 — the new Anglo-Alpha headquarters in Sandton, at a cost of R5,5-million, and a technical training centre for R1,4-million An amount of R4-million will be channelled into properties and mineral rights, including a joint coal venture with Anglo-Vaal

The group's private air fleet is being expanded at a cost of R1,8-million One new aircraft has already been delivered and a second should arrive in South Africa shortly.

Cement exports 'dwindle to peanuts'

SA Industrial Wk 7/4/81 193

CEMENT exports from South Africa to Europe have dwindled to "peanuts" from an annual R50-million in recent years because transportation costs have become prohibitive

After a meeting to decide on the future of Cemafrique, the local cement exporting arm, a spokesman told Industrial Week that in spite of the export volume having become "negligible" Cemafrique would continue to operate

"What amounted to a sizeable chunk of foreign currency earnings has become peanuts because we are no longer competitive Our plants are too far from the coast and railage costs have become considerable," he says

Export tonnages in the late 1970s plunged from around 1-million annually to 53 000 t last year — mainly to Indian Ocean islands

Even so, the profit margin from exports was so small that it will not affect profits of member-companies of the SA Cement Producers Association

Most Mediterranean exporters have plants alongside their harbours This and the re-opening of the Suez Canal results in their freight costs being considerably less while production costs are not that different to those in South Africa

"Now with recessionary trends overseas many countries are just dumping their cement on the export market And Iran is no longer spending on infrastructure the way they used to" the spokesman says

Table V

The Classification of Depressive Syndromes

	Depressive Syndrome	Relevance to Present Survey
1.	Severe psychotic syndrome	The man admitted in depressive stupor was a good example.
2.	Depression presenting with anxiety	Five patients presented with symptoms attributable to anxiety.
3.	The Depressive graft	The 3 women with underlying hormonal disturbances were considered to fall within this category.
4.	Behavioural Disturbances	Confused or irrational behaviour occurred in 7 patients of apparently stable previous personality.
5.	Depression presenting as organic disease	All the remaining 5 patients presented with somatic complaints, some of which had been quite extensively investigated.

Cement sales are still soaring

RDM 22/4/81 (193)

By SUSAN DALLAS

CEMENT sales reached a record high last year and are still soaring

Sales for the first quarter of the year totalled 1 930 155 tons — 15% higher than sales in the same period of 1980, according to the South African Cement Producers Association

This is 4% above the sales figure for the last quarter of 1980

The association says patterns of demand are unchanged with most sales in the Transvaal

subsequent experience suggested that there was usually a good response to medication alone, which often obviated the use of E.C.T. (Buchan 1971)(41).

Accordingly it has become policy to admit only floridly psychotic or suicidal patients for initial treatment, there was only the stuporose man in this category. The patients experiencing suicidal ideas did so only occasionally and none had made any plans for an attempt. One other man was admitted after out-patient treatment had failed and one woman was already in the general hospital for investigation of her somatic complaints at the time of referral.

The two patients in the general hospital were treated with Amitryptiline 25 mg t.d.s., 50 mg nocte by mouth, together with 20 mg I.M. b.d. for 5 doses. Both showed marked improvement after 2 weeks and neither required E.C.T.

All other patients were treated with amitryptiline as out-patients with dosage schedules graded according to the severity of the depression; Chlorpromazine 100 mg nocte was added if sleeplessness was a problem.

The dosage schedules are set out in Table V1 together with the results of follow-up at two weeks.

The milder depressions seemed to default more readily and may have been inadequately treated.

Conclusions

The sample is small and any conclusions must be tentative, but there is a considerable amount of variation within the sample and would seem that some useful inferences can be drawn.

Firstly, schizophrenia, acute brain syndrome and depression emerge as the major diagnostic categories.

Secondly the findings suggest that the diagnosis of schizophrenia is likely to be difficult and unreliable in an out-patient setting. The differentiation of an acute brain syndrome would appear to be particularly hazardous.

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S2

significant White interest groups at the turn of the century? What was the significance and what were the interests of the commercial sector? There is always a tension within a capitalist economy between the need for high income consumers and the need for low-income (i.e. low cost) workers. To whom were Africans important as a market?

There was conflict between mining capitalists and White workers over the employment of Black workers. How and to what extent, if at all, were these interests reconciled? What is the significance of the particular way in which the enormous wealth created by the Black mine workers was distributed between mining capitalists, White mine workers, and White farmers, through direct and indirect subsidies? How has this affected the possible continued dependence of these groups on a low wage structure?

To what extent were the interests of the African workers themselves taken into consideration in this process? That is, to what extent did they voluntarily enter the market, and to what extent were their needs satisfied? How has the standard of living of African workers changed?

Schoeman plea on cement prices

STAR 24/4/81

193

PIKETBERG — The Minister of Transport, Mr Schoeman, yesterday appealed to the cement industry to help combat inflationary tendencies in the construction industry.

Opening the R16-million Cape Portland works at De Hoek near Piketberg, he said sufficient supplies of cement at an acceptable cost should be available at all times. A shortage of cement would have a disruptive effect, especially on large civil-engineering projects. Cement could only be imported at great cost.

STABILITY

"I put it to you that the cost should not only be acceptable, but it should at all times be as low and as stable as possible," Mr Schoeman said.

"Because cement is a basic ingredient of modern construction methods, its influence on the cost of construction activities is so much more noticeable.

"I realise that you have responsibilities to your shareholders but I wish to appeal to you and other manufacturers to always bear costs in mind and thus combat inflationary tendencies in the construction industry as far as possible." — Sapa

which, in the South African case, has seen a shift from a ... subsistence agricultural economy, to an economy based on mining and market agriculture, and latterly in the direction of an economy based primarily on secondary and even tertiary industry. these changes have meant both modifications in the structure of capital, and an enormous increase in the size of the proletariat. Changes have also resulted (*b*) from the changing social situation of people, due both to mobility within a social structure and to general changes in life-style concomitant on an increasing standard of living. This second kind of change is obviously far less easy to measure. There is still, for example, heated debate about whether or not workers in most developed countries have become embourgeoised. It is both difficult to establish a bench-mark and also to lay down criteria of significance in trying to decide whether and what changes of this kind have taken place.

Once more speaking broadly, and ignoring the distinction between town and country, we can distinguish roughly between five different 'classes' (using the term 'class' in its traditional sense to mean a number of people all having the same relationship to the means of production).

1. Capitalists who have large investments. However, those with investments in different sectors have to be distinguished since their interests as regards Black labour may be differentially structured.
2. Self-employed Whites, whether they are working farmers or owners of small businesses, between which two groups there is probably a considerable amount of mobility.
3. Employed Whites, which is a very wide category, covering both blue- and white-collar workers, but whom we shall nevertheless describe as 'White working class'.
4. Black workers predominantly dependent on wage-labour.
5. Those African rural-dwellers who are still predominantly dependent for their income on their own farming activities. (This group cannot be considered further within the framework of this volume).

The above classification is obviously imprecise in definition and entirely leaves out some groups, such as the Black 'middle-class'. Furthermore, we recognise that the whole question of boundaries between groups poses ... The groups that have been isolated are those which ... albeit tentatively, as the more significant aggregates ... context of our broad topic. Our subdivision, however, ... in the final chapter. We consider it legitimate to dis... White working class and a Black working class because ...orkers have different kinds of access to and control over ...uction via franchise rights. In the following discussion ... delineate more accurately the patterns within these

Early capital investment in South Africa was overwhelmingly in mining. The mining industry had two significant characteristics. Firstly, it was export-oriented, and so had no interest in the development of an internal market. Secondly, it required a very large amount of cheap labour and relatively unskilled labour. It had a motive, therefore, for keeping wages down, and, when more sophisticated techniques might have made wage increases possible, it had no positive motive for wanting wage increases. Control of labour was greatly facilitated by the early emergence on the gold mines of a recruiting monopoly and a collective agreement not to pay above a certain maximum *average* wage. This prevented the competitive determination of African wage rates through a free interplay of supply and demand, and had a pervasive effect through the whole range of African wages.

In analysing the changing capital structure in South Africa and in particular the growing predominance of industrial manufacturing capital, we need to investigate, firstly, its labour needs, and secondly its market needs.

R62-m expansion launched

A R62-million expansion and modernisation programme, which includes the commissioning of a new kiln and control centre and the opening of a new quarry undertaken by the Cape Portland Cement Company at its De Hoek factory, was opened officially by the Minister of Transport, Mr Schoeman, on April 23

While much remains to be done on the development of the new quarry, the new cement plant is in operation and has a productive capacity in excess of 500 000 tons a year which, together with the existing plant, will give De Hoek factory an annual output of about 1-million tons of cement.

QUALITY

The quality and process control system is technologically the most advanced in southern Africa, and amongst the most advanced in the world

Mr Jim Shephard, managing director of Cape Portland Cement, said the output of the De Hoek and Riebeeck factories should satisfy the demand for cement in the Western Cape for at least the next four to five years

The new quarry, which was opened as part of the multi-million rand project, is about two km from the De Hoek factory The present quarry, which was opened in the 1920s will probably be mined out in about five years time

VAST AREA

The De Hoek and Riebeeck factories supply a vast area stretching from George and Knysna in the east, to Beaufort West in the north, Bitterfontein and Springbok in the north west and around the coast to Luderitz and Walvis Bay

The De Hoek factory produces mainly Portland cement but also rapid hardening cement and sulphate resisting cement

In the central control room, the traditional system of control panels and instruments has been replaced by visual display units which are on-line with the process control computer This means that a single operator can supervise the production process

193

29/4/87

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[illegible] the Cape-based manu [illegible]

duties

Kapasit MD Walter Simeoni predictably claims that his request to the Board of Trade to raise duty levels to 25% ad valorem is to ensure SA product protection in the home market SA consumers he claims are much better off with locally manufactured products because they are custom-designed for their needs and are subject to strict health regulations

It is alleged that one of the reasons for the R4m transfer of Kapasit from West Germany at the end of 1979 (the company was known in Germany as Deutsche-Kap-Asbest-Werke) was the high cost of installing adequate filtration to keep down the levels of asbestos dust Also, West Germany is phasing out asbestos-linked industry

Simeoni says his factory is among the most modern and best equipped in the world But the *FM* suggested to him that Kapasit is trying to secure a position in a market it cannot yet supply adequately or at competitive prices — borne out by the high level of imports of asbestos-yarn products Also, that Kapasit is taking advantage of SA s cheap labour and its relatively weak anti-asbestos lobby

He refutes it Our competitors come mainly from eastern and some southern European countries — even fabrics produced in Red China enter SA through third parties, says Simeoni He adds that labour costs in these eastern sweat-shops are considerably lower than in SA

He claims that better selected raw materials and modern technology are other factors which make SA products superior

Most of our competitors have very old factories with either no or only partly effective, dust-extraction equipment he charges

Says Ian Tate MD of James North safety clothing suppliers to heavy industry "The fabric used in our imports is checked for loose asbestos powder — it is dust-suppressed asbestos"

If his company buys locally all SA fabric will have to be dust-suppressed to similarly stringent levels before it will order

Tate notes that adequate rebate on import duty is available on garments containing asbestos yarn Kapasit s application, which makes no mention of scrapping this rebate, is therefore not an apparent threat Nevertheless he will oppose the application

Extensive work is currently being undertaken to find a substitute for asbestos in the manufacture of protective garments, a market estimated to be worth R750 000 a year locally

Simeoni says asbestos products are here to stay But he concedes that the European Parliament will prohibit certain asbestos products from 1985 onwards if industry has found useful alternatives by then Kapasit, he says, is likewise involved in the search for substitute products

S. Tribune 3/5/81

193

Better year for cement

Property Correspondent

THE cement industry had total sales of 7,6 million tons at the end of March, an improvement of three percent over the December 1980 figures

First-quarter sales of nearly two-million tons were in excess of the first and fourth quarters of last year by 15 percent and four percent respectively

While distribution problems have been experienced on the rail line to Durban owing to heavy construction works, thus causing a temporary shortage of cement and clinker for milling at the DCL factory, the Railways has got supplies moving again, and the DCL mill is back on stream

The Railways foresees no problems in meeting the cement industry's demand for transportation

BLUE CIRCLE

FM 8/5/81 (193)

A cyclical dilemma

Blue Circle, one of SA's three largest cement producers, seems to be in something of a dilemma

Though the industry regularly complains that price control on cement results in a return on capital too small to warrant new investment the group must keep expanding and modernising its cement production capacity just to maintain market share and protect its existing investment In the three financial years ending this November, Blue Circle will have spent over R80m on expansion and plant replacement, mainly in its cement division That represents more than half of the total capital employed by the group during financial 1980

Compounding the problem of selling a price-controlled strategic commodity in a competitive environment, is the fact that the major consumer of cement — the construction industry — is probably the country's most wildly cyclical industry

The group does not have the advantage of lime production which gives competitors Anglo Alpha and PP Cement some measure of contra cyclical protection But it has moved in their direction though with debatable success In a move to lessen cyclical influences on its earnings control of engineering company Hubert Davies (Hudaco) was aquired in 1974 Full ownership was achieved in 1977 The importance of the acquisition was underlined by the fact that had Hudaco been consolidated in the 1976 financial year Blue Circle's earnings would have been 14% higher at 29 7c a share and net worth 10c higher at 346c a share

Some say paralysis then set in Others, that it was merely indigestion Whatever it was the group then settled down to consolidating its cement and engineering operations The period of acquisition growth many market watchers had predicted just never arrived The group seemed unable to clinch the big deals it wanted That was the visible side to it

The group did continue quietly to acquire sound, though relatively small, engineering and electrical firms to boost the Hudaco division

In November last year, it seemed a major breakthrough was on the cards It was announced that talks were being held which could lead to a merger with timber group Hunt Leuchars & Hepburn which then had a market capitalisation of R87,1m against Blue Circle's R118 7m There seemed no question that Blue Circle was keen and the deal proposed seemed to make lots of sense At the last minute however, everything fell through apparently because of cold feet by the Hepburn family, one of the major family shareholders in HL & H

Within months, rumours of serious talks with Hawker Siddeley (Africa) filtered through to the market Blue Circle chairman and MD Trevor Coulson neither confirmed nor denied the talks, but it was certain that Blue Circle had been eyeing this group for several months before making an approach Hawker would have been an ideal acquisition as its electrical equipment product line would have complemented and fleshed out that of Hudaco In the event, nothing came of the plans for Hawker

Blue Circle's critics feel that the size of the group, and its strong position in an organised cement industry, has resulted in a certain lack of management aggressiveness "They were trying to use sheer power against the far more aggressive HL & H No wonder the bid fell through " one critic says

Certainly management structure seems to lean more towards production and technical expertise than to marketing or entrepreneurial flair But that plays down the group's considerable strengths A strong point is the clearly defined financial objective of the group A prime aim is a return on capital employed sufficient to maintain dividend growth above inflation

Whether this can continue to be achieved is another matter Group sales over the past six years have grown by an annual compound rate of 18,4% Strip inflation out and the real growth is smaller and certainly not sufficient to warrant the image of a growth-orientated group

One of the reasons for the somewhat pedestrian sales growth record is the effect of the intervening recession years and the nature of the cement industry's marketing structure Cement producers market their cement through the Cement Marketing Organisation (CMO), a sort of marketing co-op Its influence makes it extremely difficult for individual cement producers to increase market share through more aggressive marketing

How efficiently has Blue Circle managed its assets given this state of affairs? Since 1974 pre-tax profit has grown from R8,9m to R28 2m for financial 1980 — an annual compound growth rate of 21 2% Here's the rub In 1974 and 1975 assets were depreciated on historical costs In

Blue Circle silo . . breaking out of the cycle?

those two years R2,9m and R3m respectively was written off In financial 1976 plant and equipment, mostly the cement factories, were revalued upwards by R16,4m to R55,7m At the same time depreciation policy was changed to incorporate a more appropriate provision for replacement

The question remains, however, whether retentions are now sufficient for the group's working capital, replacement and expansion needs? And perhaps more to the point, does the group need to revalue assets more frequently if the depreciation charge is to be completely realistic? That may be somewhat academic

What is not academic is the impact the higher depreciation charge is having on earnings growth The increase in the depreciation write-off in 1976 was 50% to R4 5m In the same year earnings per share rose by only 6,9% to 26,1c Management took the view that, with the higher depreciation figure cover could be marginally reduced It fell to 1,9 times (2 0 times) allowing a 16,7% increase in the dividend In 1979 and 1980 depreciation was R6,3m and R6,9m, but on assets last valued in 1976 The group is now on the verge of completing another revaluation — so next year's depreciation and earnings growth will reflect this

Do the cement division's growth prospects justify the sort of ploughback required? Financial director Gus Morrison believes they do He also points out that policy is to treat each division on merit Cement should not draw funds away from potentially more profitable investments merely because of an existing status quo, he maintains

The trend in divisional contributions to pre-tax profit underlines just how worthwhile it is being in cement when demand takes off In 1977 cement earned R1,4m before tax, 22,1% of the total Last year the division earned R9,6m 56% of the total though this is explained not only by the tremendous upsurge in demand for cement but also by the losses suffered in various Hudaco divisions Those problems seem to have been ironed out in 1980 but in terms of return on average gross assets employed — mostly in stock and debtors — Hudaco has a long way to go before reaching full earnings potential

The conclusion seems harsh It is that much of Blue Circle's strong performance rests on its somewhat privileged position in a strategic industry And the group has not fully succeeded in using the muscle built up here to spread the earnings risk

This year the capex allocation shows no deviation from past patterns Morrison implies that the current cement expansion could mean another period of consolidation Already group forecasts show that the expanded Lichtenburg plant will be operating at full capacity when it comes on stream at the end of this year Flexibility is thus only downwards — existing less efficient wet-process plants can be closed or mothballed

What worries some analysts is that earnings sensitivity is too high in the cement division And because of cement's overwhelming importance — 56% of pre-tax profit — fluctuations in this division have a major influence on the bottom line

A Commission of Enquiry is now examining the possibility of de-controlling cement prices I understand a pre-condition for de-control will be the break-up of CMO Blue Circle has contingency plans for this but it could leave the group fighting for market share in a peaking construction industry Costs will rise and it is likely the cement price will as well but margins could stick or shrink

The risk that new competitors will enter the cement industry is negligible though, so Blue Circle has a comfortable position of strength

What is needed for long-term investors, however, is a promising growth area, maybe a significant extension to Hudaco Easier said than done But the current sustainable growth rate does not look too healthy on cement division projection for the next five years

Blue Circle (UK) has already exhibited its willingness to reduce its proportionate stake (now 55%) if it will end up with a share of a bigger, more growth-orientated group

Ian Muil

PP CEMENT 8/5/81 (193) [redacted]

[illegible]

[illegible] cement demand [illegible] end March. Added to this the group, which is 5[illegible]%-owned by [illegible], [illegible] a setback in its lime division which contributed a lower net profit [illegible] lower mining industry [illegible] expanded capacity.

Thanks largely to the cement division group sales were up [illegible]% to R[illegible]m. Pre-tax profit was [illegible]% up to R2[illegible]m, but a sharp jump in the tax rate from 28,8% to 42% whittled the after-tax profit growth down to 9,2%. The tax rate was abnormally low during the 1980 first half because of allowances on the commissioning of new cement and lime plant.

After the deduction of a small amount for minorities net profit rose 10,11% to R14,8m. That is equivalent to earnings of 82,7c a share from which a 16c dividend (14c) has been declared.

The indicated cover of 5,2 times could be misleading. PPC last year presented current cost accounts in conformity with the SA Institute of Chartered Accountants guidelines. The adjusted results take ac- [illegible]

[illegible] the group's cover [illegible] about [illegible] the [illegible] times cover provided in the first half.

The [illegible] poor performance of the lime division resulted in cement contributing slightly more to group net profit, despite the fact that the cement contribu- [illegible]

[illegible]

[illegible] The directors have [illegible] that the proposed 19[illegible] the cement [illegible] price increase being granted as applied for.

PPC has a capital expenditure programme of almost R100m over the next three years. Much of this is earmarked for the lime division. If management based these expansions on a continuation of last year's bull trend in the gold price, and thus continued high demand by the mining industry for lime, the group could find itself with some expensive spare capacity for a while.

Whatever happens on that side, group dividend cover on current costing looks

#193 STAR 8/5/81

Oversupply forecast in brick industry

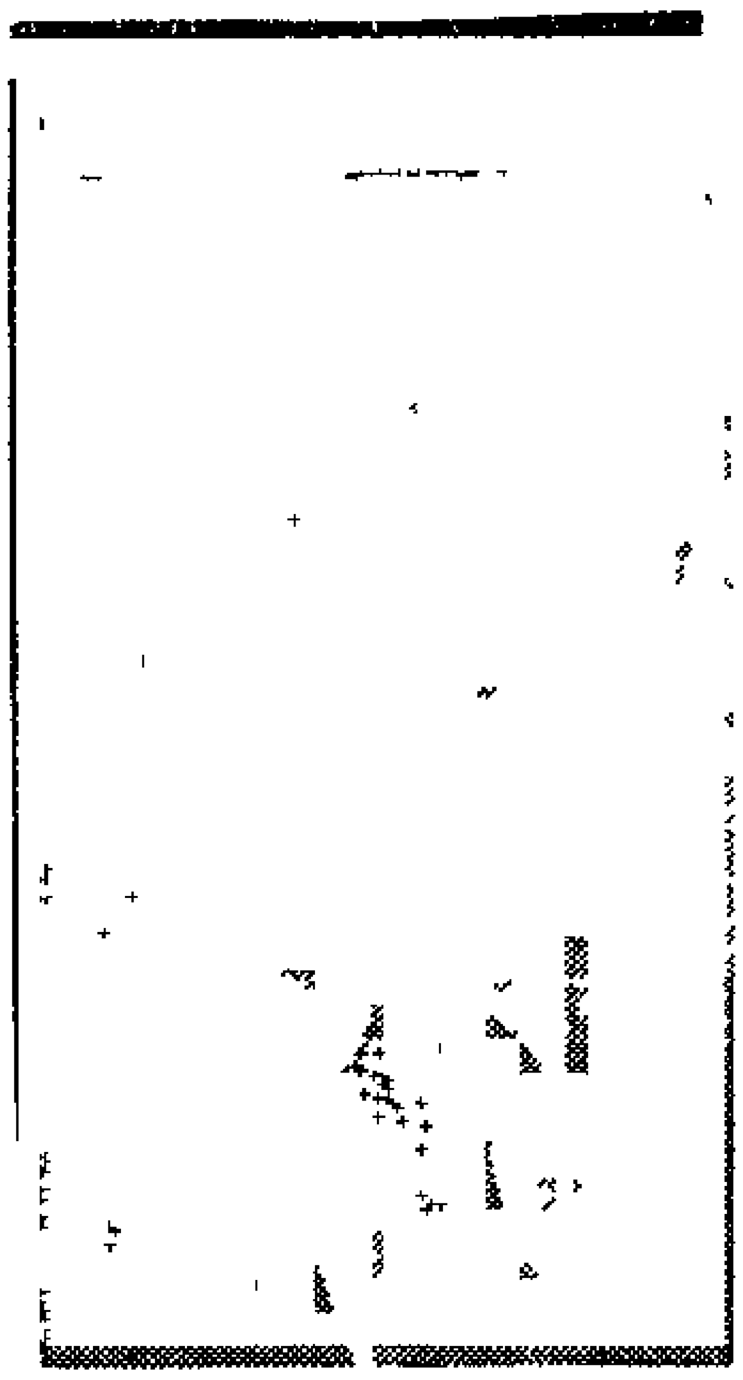
By Frank Jeans

After a chronic shortage of bricks, builders could well find themselves heading for a glut next year.

This is the prediction of the Standard Bank which believes that a slowdown in construction will result in oversupply in the brick industry, particularly with the major producer, Corobrik, expanding output by more than 170-million bricks this year to a total of 1 900-million.

In its latest review, Standard says there are signs that the building boom is coming to an end and, that while brickmakers will "remain under siege" for the time being with demand exceeding supply, thre could be a big change in the situation

"Should the impending fall-off in private-building activity persist throughout 1982 and public-sector demand slow down, as appears likely following the completion of major projects and because of financial constraints, the brick industry might be faced with excess capacity again," says Standard.



Mr Joe da Silva has been appointed manager of foreign exchange back-up department at the International Division of Barclays National Bank in Johannesburg.

Fears of glut to follow the great brick shortage

RDM 11/5/81 (193)

REG RUMNEY
Property Editor

THE brick shortage is likely to continue this year, but next year there might well be a glut This is the conclusion of the Standard Bank Review, which — like spokesmen for the industry — blames the volatility of the brick market on price control.

The review say kiln operations are being expanded, with SA's major brick-maker expanding capacity of its capital-intensive kilns by 174-million bricks a year to 1 900-million

In spite of this, supply will be unable to match demand this year

But if the impending fall-off in private building activity persists throughout 1982 and public-sector demand slows — "as appears likely following the completion of major projects and because of financial constraints" — the industry may again be faced with excess capacity

Standard says private residential building ... scale capacity expansion commissioned now could come into production at the wrong time "

SEGMENTS OF THE BRICK MARKET

	%
Private residential building	27
Privat non residential building	15
Public authorities construction work	13
Public authorities non residential building	12
Public corporation construction work	11
Public authorities residential building	10
Public corporation non residential building	5
Private sector construction	4
Public corporation residential building	3

As at end-year	Stock Bricks R	Index	% change	WIP	% change
1972	20,23	100,0		100,0	
1973	20,90	103,3	3,3	115,	15,1
1974	24,96	123,4	19,5	137,4	19,4
1975	30,13	148,9	20,7	160,4	16,7
1976	35,13	173,7	16,7	183,6	14,5
1977	39,75	196,5	13,1	201,6	9,8
1978	42,75	211,3	7,5	222,9	10,6
1979	50,50	249,6	18,1	264,4	18,6
1980	56,90	281,3	12,7	308,7	16,8

Source Calculated from BIFSA and Department of Statistics data

Standard says "In the medium and the longer term the health of the brick industry and of the brick market in general will be determined, to a considerable degree, by whether the system of price control is retained "

Although a main object of price control — to avoid excessive price increases — could be considered "marginally successful", it has not had impressive results

Price increases for bricks have been slightly below the average wholesale inflation rate, but capacity expansion has been erratic, competition has been reduced and the market has been destabilised

Between 1972 and 1980 the price of stock bricks — 80% of production — advanced slightly more slowly than did the wholesale-price index (see table)

But companies have become reluctant to cater for long-term growth in demand by steadily expanding capacity because control has limited potential profits while potential losses have not been limited

On the demand side, Standard suggests that the price ceiling on bricks may have contributed to the exceptionally high demand during the economic upswing

"If the price control corset were removed, the distorting pressures would tend to disappear

"In the short term the effects would be slight because of the extent to which capacity is already committed forward

"Over longer periods though there would be a tendency towards a smoothing of market fluctuations, regular capacity expansion, the encouragement of greater competition in the industry, and prices which moved roughly in line with those of manufacturing industry in general "

FM 15th May 1981

INDUSTRIAL HEALTH

Asbestos under fire

About ~~40 000~~ 193 SA workers are daily exposed to asbestos. Although the fibrous mineral is internationally acknowledged as being hazardous to health and is a known carcinogen, SA has no statutory limits determining exposure.

Controls elsewhere are far more stringent. Sweden, for example, has instituted a total ban on all asbestos products and Norway is expected to follow suit soon. Britain has created statutory exposure limits, resulting in an effective ban on the use of blue asbestos since 1971 and a ban on its importation.

Asbestos ranks as SA's third largest non-metallic mineral export after coal and diamonds. It brought in R93m in foreign exchange last year.

In SA, Everite is the largest processor of blue asbestos and owns four asbestos cement factories. The company is 41,5% owned by the Swiss-Belgian Eternit group and has a 46% shareholding in Asbestos Investments, which runs six mines and five mills.

Questions are being asked about conditions on the factory floors of the Everite plants in East London and Cape Town. "All workers at Everite's asbestos cement factories are exposed to enough asbestos to cause mesothelioma (cancer of the lining of the lungs or of the abdomen)," charges Dr Neil White, industrial health researcher with Cape Town's Health Care Trust.

"There is no known safe level of exposure to blue asbestos. Only slight exposure is neccessary to cause mesothelioma," he adds.

Everite's technical manager Hans Guettinger disagrees. "We believe 2 fibres/cc to be a safe level," he says.

However, a report in *Pulse*, journal of UCT's Medical Student Council, alleges that conditions at Everite's Brackenfell plant in the Cape are endangering workers' health. The report states: "Everite is entirely self-policing on dust concentrations in the factory. Their own industrial chemist does fibre counts on the factory air. They apparently have a voluntary agreement with the state health air pollution officer on what the fibre count should be. (But) 2 fibres/cc (is) 10 times the UK limit of 0,2f/cc for crocidolite asbestos."

Workers at Everite (East London) allege that conditions on the factory floor are endangering the health of both workers and their families. Says Fisa Nyikilane, of the South African Allied Workers Union (Saawu): "The air in the factory is dusty. No one has ever seen management doing dust level tests. Only 10 workers have individual masks, other masks rotate. There are no extractor fans in the roof-sheeting department and local extractor fans attached to electric saws are inefficient."

Counters Everite's regional manager Hans Durst: "We carry out dust level tests regularly. Our factory has a five-star Nosa (National Occupational Safety Association) rating and we try to keep conditions so good that masks are not required."

Everite's general manager Martin Mealin adds: "... Masks are issued only to people who work in areas where the fibre count is between 1-2f/cc. Masks are unnecessary where the concentration is lower."

Professor Albert Coetzee, consultant to the SA fibre-reinforcing cement manufacturing association, sees Everite's self-policing policy as evidence of the company's social responsibility. He comments: "Everite should be commended for introducing exposure limits independently of statutory pressure. Everite has the most modern dust measuring equipment in the country and is constantly monitoring levels."

Some cases of asbestosis and mesothelioma go undetected in SA because a high percentage of workers are migrants who never come to the notice of the SA Department of Health. For example, one survey indicated that 51% of the total number of cases on the mesothelioma register were white (whites constitute 8% of the workforce in the industry) while 28% of cases on the register were black (92% of the workforce).

Families endangered

Everite (Cape) employs mostly Transkeian migrant workers. As the latency period for both mesothelioma and lung cancer is 15-30 years, the effects of exposure may only become apparent many years after employment has been terminated.

But it is not only workers' health that is at risk. Management, clerical workers and their families could also suffer. Claims White: "There are 2 000 names on the mesothelioma register in the northern Cape and most have contracted the disease through environmental, not occupational, exposure."

Everite is located close to the residential area of Brackenfell and there is the possibility that residents might run the risk of exposure. Everite says not. "We conduct regular perimeter counts around the factory and maintain the fibre level at ,01f/cc," says Guettinger.

Asbestos fibres readily adhere to overall material and might contaminate families. So some basic precautionary measures, like washing overalls at work, are advisable. At Everite, says Nyikilane, "overalls are taken home to wash, workers eat while working, washing facilities in the canteen are inadequate." However, Mealin assures the *FM* that steps are now being taken to provide laundry facilities at the factory.

Asbestos health hazards are controversial and emotive issues, often shrouded in uncertainty. It is essential that workers be fully informed of the potential dangers and that these be kept in the public eye.

face to face

GLASS BOTTLES (193)

Monopoly burdens

FM 22/5/81

SA's sole bottle producer, Consol, will import 2 500 t of soft drink bottles at a loss this year to meet the present shortage. The consignment forms 1,3% of the company's expected sales of 197 308 t of bottles for the year.

So says Hennie Roos, GM of Consol's glass division, in the company's first public acknowledgement that a bottle shortage exists.

One of the main reasons for the squeeze is the protracted summer season, which kept soft drink consumption unexpectedly high until well into April. This came on top of sales increases of 32,3% for beer and 44,7% for mineral waters for the 12 months to February this year.

Another problem is that bottlers are receiving fewer returnable empties from retailers. The retailers are apparently hoarding stocks in case bottlers raise the deposits on empties after Consol's next price increase in June.

Consol is protected against bottle imports by tariffs ranging from 5% to 25%. Roos says the company will apply for exemption from these tariffs on the bottles it brings in. He claims, however, that even without the tariffs, the imported bottles will be sold at a loss as they will go for the same price as locally made stock.

Companies in the liquor and soft drink industry have so far refrained from squealing in public about the shortage because they say they do not wish to embarrass their only supplier. But privately they admit it, and one source in a large liquor outfit goes so far as to describe it as a "crisis which has been with us for months."

Nor will they identify all bottle types in short supply — presumably for fear of identifying themselves. One type which Consol admits is scarce is the green "general trade" bottle used by the wine industry.

Roos says that supply is tight because part of Consol's Bellville wine bottle plant is shut for capacity enlargement. "At the end of the year everybody will be pleased that we closed when we did, for our capacity there will be doubled," he says.

Other varieties said to be in short supply are the relatively new 500 mℓ soft drink bottles and small green tonic water bottles. Consol, however, denies they are scarce.

Any shortage of the 500 mℓ bottles probably stems from the bottlers' own underestimation of consumer acceptance of this new pack. But lack of an alternate supplier and Consol's rigid production scheduling has not made it any easier for them to correct their mistake.

Consol makes tonic bottles in only two batches a year. So customers who under-order have to wait months before they can make good any shortages.

"We manufacture more than 800 different types of glass containers in varying production volumes," says Roos. "This is part of the commitment we bear for supplying 99% of the country's bottle needs. But to do this efficiently we must know our customers' requirements well in advance."

Total production capacity will be 23% higher by June next year. By that time the first furnace of Consol's new Clayville plant north of Johannesburg will come on stream and extensions to its existing facilities will also be complete.

The R50m Clayville operation plant is designed mainly for high volume production of dumpy and "quart" bottles for beer. This, says Roos, will allow more flexibility at other plants for production from shorter runs.

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TONCORO

FM 22/5/81 (193)

Restructuring management style

Builders and new house buyers frequently cast Toncoro in the villain's role when brick shortages develop The company has been accused of sloppy planning as it was seen to be safe in its near-monopolistic control of brick supplies That was during last year's brick shortage

Now, Toncoro has expanded production But as building society funds dry up some analysts feel the group will have excess capacity and that the costly process of stockpiling is set to start all over again

These are popular theories but they are wrong The shortage resulted largely from price controls which meant that brick-making capacity was not installed while the building market was flat It was hardly surprising then that when the building industry took off last year, a severe brick shortage developed Toncoro has now added capacity but its order books are full for at least 12 months

Toncoro supplies 51% of SA's stockbrick requirements and nearly all facebricks and was a natural target for the blame The country's 300 other producers are small, privately-owned companies with an average annual production capacity of 10m bricks These small companies have little or no marketing and distribution structures, which meant Toncoro bore the brunt of last year's demand load

It is not a position the group likes MD Cedric Savage says he would welcome serious competition He is not tongue-in-cheek for he argues that competition would help his company's productivity and efficiency drive But until price control is removed it is unlikely that new investment in brick plant will be made by outsiders

Toncoro . building better with bricks

Says Savage "The theory of price control is that it disallows super profit but unless you can make super profit in good times you cannot build financial strength How do you convince a board in bad times that the business should be expanded?"

The brick industries of Japan Germany and Switzerland for example have long-term investment programmes which ignore short-term recession periods They are not price controlled

Price control in SA currently allows a 15% return on depreciated capital (this dropped to 10% during the recent recession) With interest rates as they are where is the incentive to invest in assets which return less than the cost of capital? Finally recognising this and acknowledging its part in the recent shortage government has asked the Competition Board to examine the desirability of abolishing price control in the building industry

Lifting price control now would probably allow the brick price to rise 20% But Savage believes government needs to be bold The long-term cost of artificially restraining the price of a sociologically and economically strategic commodity is far higher In any case the cost of bricks and bricklaying labour constitute only 15% of the cost of a house

Of course, in the past 18 months a large new competitor Lucem has been created despite price control That does not mean though that others will do the same Lucem, controlled by David Lurie is aggressively expanding its Brick & Clay and Nigel Brick production capacity to supply an eventual 30m face and stockbricks monthly, 18% of Toncoro s output

Lurie is acknowledged to be one of the few industry experts He and Murray McLean put together what eventually became the Primrose half of Toncoro Lurie's knowledge of the industry enabled him to pick the eyes out of the going concerns Toncoro did not want starting a greenfields development is financially a no-no given existing returns Lurie acknowledges that all he wants is a market niche there will be no aggressive national campaign to threaten Toncoro

Swinging from an overstocked position into bulging order books initiated soul searching, which seems to have left Toncoro stronger than before

Toncoro s former MD Dick Kemp reached mandatory retirement age last year but remains on as non-executive chairman Kemp's reputation is that of a tough, old-style sleeves-up entrepreneur He built the Coronation Industrials group into one of SA s largest brick producers and ran a highly centralised operation The merger of Coronation and Primrose to form Toncoro gave birth to the second largest brick producer in the Western world and created an industrial giant which requires a new management style and structure The man chosen to spearhead the change was Tongaat food division MD Cedric Savage a fit and lean 43-year-old organisation man He is an engineer with a strong track-record in management and marketing

The philosophies which had nurtured the steady growth of Coronation and the acquisition growth of Primrose will not work for the new group Savage recognises this, and management has been re-structured into a geographically decentralised basis Head office functions are streamlined to provide technical marketing financial, planning public relations and manpower services

One of Savage's key management objectives is efficiency and low-cost production To achieve this each functionally managed area is a profit centre Delegation is on the accountability concept But achieving efficiency targets in an environment devoid of competitive pressure requires other motivation

So, for example, an annual overseas travel programme for senior management has been started " to expose us to outside efficiencies " Savage wants to keep head office thin by transferring operational decision-making to regional areas Not at the cost of control however He visits the Transvaal which absorbs 50 % of total sales - at least once a week and monthly report backs are judged against budgets

One of Savage s first requests when he took over as MD was for a detailed organisation chart something that had not existed before This manual forms the foundation for the new spirit being cultivated no longer does the group accept that it can only react management is now expected to anticipate

Long-range planning is vital but it has already proven valuable in the short-term Planning headed by former man-

Toncoro's Savage new broom sorting out brick problems

agement consultant Tony Clark was asked to identify why the 1980 brick crisis arose Severe customer annoyance prompted the analysis but the new management structure encouraged a scientific probe The finding was that the company was advised too late of the demand build-up Normal procedure is for the architect to put approved plans out to tender and only then do contractors order bricks Longer lead-time is needed and Toncoro has now come up with a system which could have a profound effect on long-term profitability and investment strategy

As government and quasi-government account for 55% of Toncoro s sales the investigation centred on State infrastructural plans Delays in brick deliveries set the State programme back and this mutual interest in smoothing supply and demand resulted in the development of a system whereby Toncoro is informed of plans at the time they are passed to the architect This information is fed into a computer which cuts out duplicate orders and ensures minimum delay

Over the longer-term this information (confidential and sometimes sensitive therefore coded) will help Toncoro site plants in optimum growth and demand areas As a direct result of the annual update of four-year plans the group has had to face the fact that though the long-term building industry growth trend is a sound 4 2% a year clay bricks are losing market share - mostly to cement bricks

Ironically, price control is again to blame The lack of new investment in the industry means that rapid and unexpected market expansion caused a gap which is being filled by cement brick manufacturers Cement bricks are allowed a higher controlled price than clay bricks because of their cost structure

One way in which brick makers could obtain higher brick prices would be by revaluing clay deposits many of which are carried in the books at unrealistically low historic costs of acquisition Toncoro requires clay reserves of 30 years for a plant which — with a capacity for 70m bricks a year — would cost R10m and take 18 months to come on stream A cement brick factory takes six months — equipment is imported and raw materials are bought from other producers

Savage predicts a fall-off in demand for cement bricks when the market declines because of their higher price and because clay brick producers will be able to satisfy demand Toncoro nonetheless is expanding its cement brick production just to keep control on the total market

That is a part of the new business ethic Corporate direction was needed Management was asked to define the company's business It is not merely to sell bricks but rather to supply walling in whatever form will best suit the market Adopting that broader definition has encouraged vigorous research into new growth areas R & D absorbed R1.5m last year

That could well be the best investment the group has ever made A new low-cost mass-housing building block has been developed in answer to the country s 400 000 unit housing backlog A strategy for introducing the product is being developed and a joint venture with a major construction group is being negotiated

Within the next year Toncoro could embark on a five factory R50m capex programme for this new product That amount is one third of the capital currently employed in the business Savage is satisfied that whatever the capital requirements the group s cash flow and reserves are strong enough to justify the go-ahead

Whatever the decision on price control Toncoro's management now gives the impression of having contingency plans for any event And that team work aimed at achieving attainable targets should keep the group in full control of its environment Ian Mail

EXPECT BRICK, CEMENT PRICE HIKES THIS WEEK

S. Tribune 24/5/81 (193)

By Colin Vineall
Property Editor

A BRICK price increase of about 14 percent is expected to be announced by the Price Controller this week. The cost of cement is likely to go up by a similar amount.

[illegible] two increases could push up the price of an average new R40 000 house by as much as 1,4 percent for each component adding about R2 800 to the cost.

But, despite the increase it is unlikely that the brick industry will be satisfied.

Spokesmen this week were tight-lipped about the possibility of a rise in prices. But sources said that even an increase of 15 percent, considered to be somewhere near the peak of what the Price Controller might grant would be disappointing bearing in mind the need to put money into opening new factories to meet the still heavy demand for bricks, especially on the Witwatersrand.

A rise of between 14 and 15 percent would still be below the present rate of inflation for the year so far. Which means, in blunt terms that it is no pay rise for the producers at all and hardly encouraging for them to try to reduce the huge backlog of building's most sought-after products.

It is common knowledge that the brick industry, which has been under tremendous pressure since the dramatic somersault in the property market turned its glut into a shortage in a few short weeks, applied for a price rise in March.

Traditionally, April is the month when an increase is given by the Price Controller.

But this year the time for announcing the increase came and went. And next week, nearly a month after the usual timing of the announcement, it is expected that the industry will finally hear what it will be allowed to charge. The rise will probably be effective from June 1.

Some private sources in the brick industry blame the general election saying the Government would not allow a rise in the price of such a basic commodity, to become public during the sensitive pre-election period.

"It means that we [illegible] gone 14 months without a pay rise," said one [illegible] executive.

During that time other building costs have soared at a rate of well over 25 percent a year.

Gavin Snyman of the Bureau of Economic Research at the University of Stellenbosch [illegible] this week that figures [illegible] the first quarter of 1981 indicated that total [illegible] costs had risen by 35 percent compared with the similar period of a year ago.

This meant that a house costing R50 000 to build in the middle of the first quarter last year would have cost R64 000 this year.

Snyman, however, pointed out that this was lower than the increase which occurred in the last quarter of 1980. That came to a massive 31,8 percent.

Snyman said the constituent cost of bricks in a house was about 10 percent — the more conservative brickmakers usually put it at about five to six percent — which gave the figure of a one percent increase in the cost of building a new house.

Even at the lowest and most optimistic figure of five percent, the cost of the hypothetical R40 000 house would soar by R700 on bricks alone.

The industry's view that price control is a grave hindrance to its advance is backed by the May issue of the Standard Bank Review.

It says: "If the price control corset were removed, the distorting pressures would tend to disappear."

As at end year

	Stock Bricks R per 1 000	Index	% change	WPI Index	% change
1972	20 23	100,0		100,0	
1973	20,90	103,3	3,3	115,1	15,1
1974	24 96	123,4	19,5	137,4	19,4
1975	30 13	148 9	20,7	160,4	16,7
1976	35,13	173,7	16,7	183,6	14,5
1977	39 75	196,5	13,1	201,6	9,8
1978	42,75	211,3	7,5	222,9	10,6
1979	50,50	249,6	18,1	264,4	18,6
1980	56,90	281,3	12,7	308,7	16,8

Source Calculated from BIFSA and Department of Statistics data

Standard Bank Review May 1981

THIS table, published by the Standard Bank Review this month, shows how brick price increases compare with the wholesale price index

Cement: building costs set to soar

By SIMON WILSON
Industrial Reporter

CEMENT will cost 9% more from Monday — the third key building material to increase in price in recent days.

In the last 10 days the country's biggest brickmaker announced that its bricks would go up by an average of 14% also from Monday and an Iscor para- use announcement pointed to a steel price rise of about 15% from July 1.

The South African Cement Producers Association (Sacpa) announced its price increase yesterday, saying the higher price would "provide the opportunity to recoup various cost increases in respect of raw materials power and labour incurred during the past 14 months"

Building sources said yesterday that the 9% cement price increase could add at least R100 to the price of a basic, small family house.

In rough terms, the sources said, a R30 000 house would require up to 300 pockets of cement for flooring alone. The average price of a pocket of cement on the Witwatersrand is about R2 80.

The result of the price increase is that the R840 or so usually spent on cement would become R915 with up to R50 more to be added depending on the extent of plastering and brickwork throughout the house.

The cement price, which is Government controlled, last rose by 15% in April last year when it went up.

The Stellenbosch Bureau of Economic Research has estimated that building costs have risen 20% since then.

Sacpa is understood to have applied to the Price Controller for a price increase of about 14% — nearer the current rate of inflation. The association warned in March this year that additional revenue was required to finance the industry's capital expenditure plans.

The price increase was denounced yesterday by Mr Len Davis, executive director of the Building Industries Federation of South Africa (Bifsa), an umbrella organisation representing the interests of the construction business.

"It is extremely disappointing and will have a widespread price effect throughout the whole industry as cement is such a basic commodity."

Mr Davis wondered how the cement producers could raise their prices so soon after declaring record sales and high profits.

"In the light of the cement industry's return on capital last year, even a 9% price increase is incredible," Mr Davis said.

Cement sales hit an all time record of 7 300 000 tons last year 21% more than was sold in 1979.

Cement manufacturer Anglo-Alpha's pre-tax profits rose by 91% last year compared to 1979 and Pretoria Portland Cement's pre-tax profits for 1980 were 28% greater than the year before.

And in half-year results announced last year Blue Circle announced a 9% increase in pre-tax profits.

Sacpa contends that it will need to spend R2 000 million to meet estimated cement demand until the end of the century.

But Mr Davis reiterated Bifsa's long standing opposition to the concept of price controlled industries and said the cement price increase showed many of the problems such industries caused in the free marketplace.

"Isn't it funny how during every recession the only prices which rise consistently are those of the price controlled industries?

"The case of cement shows how little urgency there is in the price-controlled industries to be competitive and to apply internal economies when the price mechanism is behind them."

Sacpa said it had absorbed more than R3 million in extra railage costs since the railway tariff increases implemented from April 1, which had not been passed on to the consumer.

BUSINESS

Final dividend up 80% at Plate Glass

193

Star 5/6/81

By Geoff Shuttleworth

Plate Glass has pushed final dividend to 55c a share bringing the year's total payout to 90c from last year's 50c, an increase of 80 percent.

Pyramid holding company Placor's results are even better with an 82 percent increase in the total payout to 32,4c a share from 17,8c.

However, the tempo of the past two years is expected to slow considerably in the current accounting period and the chairman, Mr Bertie Lubner, expects earnings to grow by only 20 percent "somewhere near a 4 percent real rate of increase."

Plate Glass had the advantage in the review year of running at near capacity which produced above average profit. Nearly all divisions reported record profits — the exceptions being the UK timber and US glass operations where trading is nevertheless expected to pick up in the current year

Plate Glass earnings rose to 202,9c a share from 103c — a 92 percent increase, and dividend policy, following the company's switch to LIFO accounting, has been restated. Payouts will be 45 percent of earnings based on LIFO. In effect this means that cover for the review period is 2,25 times (2,06 times)

Plate Glass turnover rose to R357,7-million (R221,5-million) resulting pretax profit of R55,6-million — 114,7 percent above last year's 25,9-million

A higher tax rate of 39,3 percent (32,9 percent) trimmed this increase to a 100 percent improvement in taxed profits of R30,1-million (R15,1-million).

Placor stuck to its policy of distributing all dividends received from Plate Glass so that earnings of 69,3c a share (35c) translated into a full payment of 32,4c (17,8c).

● Based on current share prices Plate Glass yields a historic 10,2 percent and Placor 9,8 percent.

Plate Glass shatters profit records

CT 5/6/81

193

JOHANNESBURG — After doubling earnings in the year to end March, Plate Glass and Shatterprufe Industries, is looking for earnings growth of 20% this year

The country's biggest glass maker has declared a final dividend of 55c a share, making 90c for the year — an 80% improvement on last year's 50c

Demand for PG's glass, glass fibre, timber and board products soared in line with the booming building, motor and furniture industries,

The upshot was that sales soared 62% to R357 700 000 and pre-tax profit 115% to R55 600 000

The tax rate rose to 39,3% (32,9%), so taxed attributable profit was 99% better at R30 100 000, equivalent to earnings a share of 202,9c (1980 103c), a 97% improvement

Earnings are stated on the conservative lifo method of stock valuation On a fifo basis they would have been 231,4c (123,7c) Now that it is on lifo, PG has restated its dividend policy In future it will pay out 45% of fifo-based earnings

PG's rocketing profit and dividend flowed straight through to its pyramid, Placor, whose earnings rose 98% to 69,3c (35c) Placor has distributed its entire dividend from PG, paying a final 19,8c to make 32,4c for the year, an 82% improvement

"We expect the growth in demand for our products to be lower this year", says the chairman, Mr Bertie Lubner, "much in line with the SA economy"

"This will naturally affect earnings, which are forecast to grow by 20% reflecting near a 4% real rate of increase."

Mr Lubner also warns that PG is working closer to capacity now and will not have the benefits of greater capacity utilization that boosted profits substantially last year

He is concerned about such weaknesses in the SA economy as the rate of inflation, the shortage of skilled labour and, recently, higher interest rates

Mr Lubner said last year nearly every division turned in record profits The exceptions were the United States glass and UK timber operations, which were affected by adverse economic conditions in those countries, but which are expected to improve this year

PG doubles earnings, promises 20% growth

93 ICOM 5/6/81

By DAVID CARTE
Deputy Financial Editor

AFTER doubling earnings in the year to March, Plate Glass & Shatterprufe Industries is looking for earnings growth of 20% this year.

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COMMENT: At 885c, PG yields 10,2% At 330c, Placor 9,8%. Improvement of 20% suggests prospective yields of 12,2% and 11,8%. The shares have outperformed the market on the way up and these yields suggest market fears that they might do the same on the way down.

Plate Glass's activities are highly cyclical, but the company is far leaner and less geared than it was in 1977 It certainly looks unlikely to return to those kind of depths With the long-term outlook for building, motors and furniture good, both counters would be worth accumulating on weakness

Crockery price: second rise in six months

STAR 9/6/81

193

By Caroline Braun
Consumer Reporter

The price of locally made pottery, porcelain and stoneware is to increase by an average of 20 percent on July 1

This will be the industry's second increase in six months, and will push up the price of crockery about 50 percent higher than last year's prices.

A cup and saucer which last December cost 99c will cost R1,49 next month A dinner plate which went for R1,69 last year, will soon cost R2,59.

The new prices are so high that retailers are considering importing crockery, which could be cheaper than the local product in spite of high import duty tariffs

These tariffs were introduced last July to protect local industry which was being outpriced by cheap imported crockery

Mr Allen Klotnick, national buyer for Checkers, said local crockery manufacturers were obviously now taking advantage of the monopolistic situation which had been created with the introduction of the high import duties.

"Up till now, because of these duties, it has not been viable to import crockery This lack of competition has led local manufacturers to believe they can virtually put up prices at will," he said.

"These new increases are so exorbitant, however, that buyers will be looking again at imported alternatives which have a wider range and are better quality than the local product," he said

Mr J E G Hontsch, manager of Grahamstown Potteries, a local crockery manufacturer, said the latest increases had been unavoidable because of higher production costs

"Some of our raw materials have gone up 40 percent, and we have also had higher packaging, labour and railage costs," he said.

"We hope our new prices will hold for the next year," he said.

Kwashiorkor: 2%

7%

1 - 5 36

1½- 2½ 57

9/... - 5

16.	Transkei, Tsolo	1975	193 children, 84% under-5 population Av. household income: abt. R25 per month
17.	Transkei, Holy Cross	1977/8	100 children at clinic & hospital O.P.D.
18.	Transkei, Ntlaza	1977	80 children at clinic near Umtata
	"	"	343 children at St. Barnabus hosp. clinics
	"	"	239 children at under-5 clinics in area
19.	Ciskei Rural	1977	Randomly selected households in several areas
	Urban		Randomly selected households in 3 areas

Notes *A. Shakir & D. Morley (1974), Lancet 1, 75 very conservative and always shows a small

+ Statistics from community studies/random samp...

**Below 75% of standard, not 3rd percentile, which is 80%

++Below 80% standard mid-upper arm circumference

#Below 75% standard weight for age, i.e. a more conservative measure than 3rd percentile

TUC slams Leyland dismissals

LONDON — Britain's Trades Union Congress has protested to the state-owned British Leyland car company over the sacking of 1 900 black employees at a company subsidiary in South Africa the TUC said yesterday

It quoted the TUC general secretary, Mr Len Murray as saying the company's action was in contrast with that of Ford and General Motors which had reached agreement with their black employees through negotiation

Mr Murray said it was a matter of regret that trade unionists long recognized by British Leyland should be harshly treated because they were in dispute with the management He said the mass dismissals would isolate British Leyland and damage its reputation

A TUC statement said the British Leyland workers were dismissed in a wages dispute and that the company was trying to recruit other workers to replace those dismissed

Big plans by brick firms

Sta 12/6/81

193

Lucem brick interests in the Transvaal and the Cape are embarking on an extensive expansion and modernisation programme that will increase production to more than 20 000 000 bricks a month by the end of the year.

This means that current production in the Transvaal will be trebled and in the Cape doubled

The companies involved, Nigel Brick and Colliery and Cape-based Brick and Clay, are each planning to invest R500 000 in a semi-automated kiln with a production capacity of 1 400 000 facebricks a month.

Another brick interest, Brickveld Brickworks near Vereeniging, in which Lucem recently acquired a half stake, has an immediate objective to improve the volume and quality of production and a programme is now under way to modernise and upgrade plant.

Brick and Clay, the Cape's second largest brick producer, which now manufactures 6 000 000 bricks a month, has raised production by 25 percent to 7 500 000 a month from its three plants at Philadelphia, Paarl and Bellville.

BLACK OCTOBER · CAPE TOWN AND THE SPANISH INFLUENZA EPIDEMIC OF 1918.

In the 3½ centuries of its existence, serious epidemics have been no stranger to Cape Town In 1713 smallpox killed nearly ¼ of its small population in six weeks[1] and 42 years later, the disease returned to claim over 2000 victims[2]. In the nineteenth century further smallpox epidemics occurred, that of 1881 being the most virulent, carrying off over 1000 Capetonians.[3]. In the first year of the present century bubonic plague was introduced from India - 735 cases resulted in 357 deaths[4]

Alongside the Spanish Influenza Epidemic of 1918, however, all these are mere dwarfs.

Despite its name, Spanish 'Flu did not begin in Spain. It is thought to have orginated in Asia, swept across Europe and then into Spain, where, because of the lack of censorship as in the rest of war-bound Europe, its impact became known. Hence its name. From Europe it spread to the rest of the world in the second half of 1918 and finally waned in 1919. Except for St. Helena, New Guinea and a few Pacific Islands, the entire globe was affected. More than half the world's population are thought to have been attacked and of these, over 20 million died.[5]

Cape Town, in the latter part of 1918, was booming. As a major port and transit station, four years of war had seen it prosper. Its population had grown by leaps and bounds since its incorporation of other Peninsula municipalities in 1913, and in 1918 it was jam-packed with people of all races, crammed into inadequate and insanitary houses in

its slums (especially Districts 6 and 7 and the old city) and its African locations at Ndabeni and the Docks. In fact, at a mass meeting on the overcrowding problem in September 1917, Canon Lavis had ominously predicted .

> There are two ways by which the present state of affairs can be altered One is an epidemic and the other was to carry out a wise scheme of Municipal housing."[6]

War had also swelled the military population of the Peninsula and to the usual military camps at the Castle, Fort Craig, Wynberg and Simonstown, there was added a S.A.Native Labour Corps camp at Rosebank.

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ance ... the Peninsula shows no sign of abating"[9]

More Lucem bricks

(VA) RDM 12/6/81

LUCEM brick interests in the Transvaal and the Cape are embarking on an expansion and modernisation programme that will increase production to more than 20-million bricks a month by the end of the year.

This means that Lucem production in the Transvaal will be trebled and in the Cape it will be doubled.

The companies involved, Nigel Brick & Colliery (Pty and Cape-based Brick & Clay (Pty) each plan to invest R500 000 in semi-automated kilns with a production capacity of 1 400 000 face bricks a month

Brickveld Brickworks (Pty) near vereeniging, in which Lucem recently acquired a 50% stake, has an immediate objective to improve both the volume and quality of production A programme is now under way to upgrade plant facilities — Sapa

In the following days, Spanish 'Flu began to spread ever more widely, growing in intensity Chemists did a roaring trade in "remedies" like quinine, aspirin and cinnamon tablets and were soon permitted by the Magistrate to stay open at all hours to cope with the heavy demand.[10]

The number of people off work grew steadily, disrupting business, public services and transport, while in the press the cancellation

Proposed cement factory rail link under scrutiny

NM 14/6/85

193

Mercury Reporter

THE rail link between Umtentweni and the proposed cement factory near Oribi Gorge came under the scrutiny of the Minister of Transport, Mr Hendrik Schoeman, on Wednesday when he flew over the area in a private helicopter

A spokesman for his office confirmed that Mr Schoeman had flown over the area which was being considered by the Railways for a rail link between the coast and the proposed R100 million cement factory Mr Schoeman could not be contacted for comment

It was also learned yesterday that the impact assessment report on the ecological effects of the proposed rail link would not be available for at least a week, according to Natal Portland Cement general manager Dennis Rowe

Mr Rowe said yesterday that there had been so much interest shown in the matter that a decision had been taken to print a further hundred copies of the report These reports would be circulated probably within the next fortnight

The developers of the proposed cement clinker factory decided that an environmental and residential impact study was neccessary after Port Shepstone and Umtentweni officials and residents had condemned moves to build a 16 km railway line up the Umzimkulu Valley

6/4/81 (193)

Tax bill cut cements Blue Circle profits

By DAVID CARTE
Deputy Financial Editor

A MASSIVE rise in depreciation was more than offset by a huge fall in the tax bill, enabling Blue Circle, the cement and engineering group, to increase earnings 16,6% in the six months to end May

Blue Circle revalued its assets by R42-million during the first half and, as a result, the depreciation bill rocketed 83% to R5 730 000 (1980 R2 783 000)

Consequently, an operating profit improvement of 17,5% to R15 000 000 was turned into a pre-tax profit plunge of 20% to R6 293 000 (R7 841 000)

But thanks to investment allowances on the new R80-million cement kiln being built at Lichtenburg, the tax rate fell from 39% to 11,7%

As a result taxed attributable profit was 16,6% ahead at R5 529 000 (R4 740 000) Earnings a share rose more or less in line to 26,3c (22,6c)

The interim dividend has been raised 22% to 11c (9c)

The directors say earnings for the full year will better the 81,3c of last year

The tax rate is also expected to be at a low level in the 1982 financial year, they say

During the half year just ended - a period which included the traditionally slack December/January period - Blue Circle says it had to absorb all cost increases as well as the increase in outward railage to customers for April and May

The cement price increase normally granted in April, this year came only in June The 13,7% increase in the ex-factory price of cement granted was below the inflation rate

But, says the company, this increase, together with the improved efficiency of the new kiln at Lichtenburg, when it is fully operational, should cushion Blue Circle against the anticipated slowdown in national cement demand

There will be a short-term reduction in output as the new plant is commissioned towards the end of 1981

Blue Circle's old and less efficient kilns can be shut down, as was originally planned, if demand falls

Initially, there will be a sharp increase in capacity to cope with demand that currently exceeds the company's ability to supply

All of the group's other major divisions reported improved results during the first half and further improvements are forecast for the current six months

COMMENT· Because they are price controlled, cement producers are conservative accounters. The much bigger depreciation provision might have reduced profits nominally but enhances cash flow, so is hardly alarming

Considering that the company was up against tough numbers in the comparative period and that the price increase came so late, the trend at the operating level is gratifying .

While there is not probably not much more profit mileage in capacity utilisation, cement demand long term is likely to be strong.

If, as they say, the tax rate stays low, the directors' forecast of improved earnings for the year looks highly cautious. It would be surprising if both earnings and the dividend are not ahead by at least 20% by the year end.

This suggests a payout of 38,4c, which, with the share on 510c, offers a prospective yield of 7,5%

fit for work or as unfit. He can certify that you are dead and suitable as an organ donor, or that you are alive but critically ill and suitable as an organ recipient. He can swear that you are sane and fit to hang for murder or he can certify you as insane and in need of medical treatment for the same action. He can pass you as fit to fight and kill others or as unfit and not worth having in the army. He can certify that all your emotional, marital, financial or school problems are due to "nerves", or to your "hormones", or to your traumatic childhood, or at the least to "minimal brain dysfunction". All misfortunes have a medical explanation and we are getting to the stage where almost everyone can be labeled as being "sick" in one way or another. It is increasingly the doctor who has to make the moral judgement as to whether you are sick and blameless or healthy and to blame.

Another related problem is that as diagnostic possibilities proliferate so the self-confidence of the health worker tends to diminish. Rather than trusting his clinical examination and judgement the doctor finds it safer and easier to send off more and more investigations, blood tests, x-rays and the like. He also finds it safer and easier to diagnose illness rather than health. If a patient comes with 'flu which will get better by itself and be relieved to some extent by aspirin, it is still safer and easier to diagnose pneumonia and to prescribe an expensive antibiotic as well as aspirin. The antibiotic will probably not harm the patient directly and anyway it will be

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There's a long wait for bricks

Star 18/6/81 (193)

Despite recent optimistic speculation that the present facebrick shortage would be overcome by the end of the year some customers may still have to wait up to a year for brick orders to be met

The building boom of the past year has put pressure on the brick industry, with back orders piling up

Mr Ray Andrews, regional marketing manager for Corobrick, the country's major producer, said "by the end of the year things should have settled down We should be able to cope with facebrick demand"

But although supply and demand for bricks may have settled down and been rationalised it did not mean that all orders would actually have been delivered on site by the end of the year.

A three-stage programme had been introduced at Corobrick to overcome the situation, according to Mr Andrews

The programme is designed to deal with pile-up orders, establish a central control department to rationalise production and orders, and meet requirements for monthly orders

Mr Andrews said his company could be dealing with 30 000 customers at any given time and in times of over-demand this might put undue strain on the company

If, for instance, the Government doubled spending on black housing this year, the demand for bricks would again put brick companies under great strain

Although many architects seem to be favouring facebrick as a finishing material, its unavailability is forcing them to search for new materials

A Vereeniging architect said he had R1-million worth of work being held up because of brick shortages The work could well be cancelled

BRICK SHORTAGE NOT YET OVER

(93) S. Trib. 21/6/81

Property Reporter

THE brick shortage easing in the Transvaal will continue for a little longer in Natal

The building boom which caused the shortage of bricks started in Transvaal and later spread to Natal

"Natal's over-demand came later than Transvaal's and therefore our catch up will be later than theirs," says Tony Cadman group public relations manager for Foncero which owns Corobrik in Natal

"We are already holding one year's orders for common bricks and nine months' orders for face bricks It is far too early for us to say the shortage in Natal will be over by the end of the year"

Corobrik (Natal) is making strenuous efforts to increase production and meet demand This year the company will produce 550-million bricks which is 40 percent up on the production figure for 1979

Extensions improvements and new machinery at the Bellair calsi brick plant will raise production from 25 to 30 million

A fourth 'top hat" kiln will enable the company to increase production of wall and floor tiles by 25 percent and new cement brick factories at

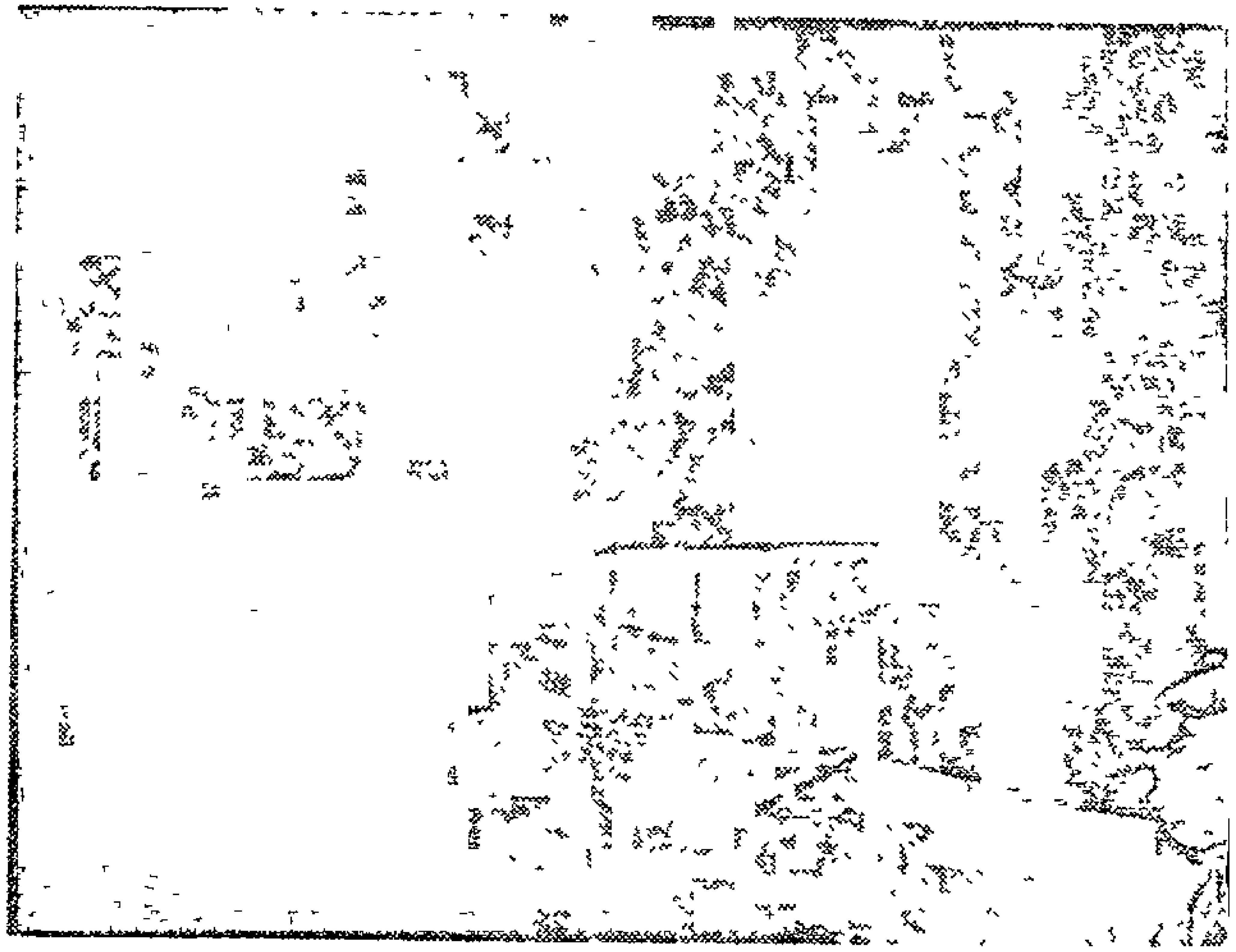
Briardene and Empangeni will turn out 16-million bricks a year

Corobrik has bought the Vryheid Brick Company, which has been producing 16-million bricks a year With new machinery porduction should be at 21-million by 1982

In an effort to look after their smaller customers, such as individuals making home improvements or extensions, Corobrik at Briardene puts out 40 000 common bricks every day for sale on a cash and carry basis in lots of 1 000 Small quantities of calsi facebricks are also available on the same basis

Mr Cadman cannot see any reduction in the demand for bricks

"The building trade is still making demands as high as they were a year ago There is a backlog in white housing which will sustain the demand"



SHORTAGE is easing in the Transvaal, but Natal has yet to catc

'No rail link, no factory'

24/6/81 Nm 193

Ratepayers 'putting project in jeopardy'

Mercury Reporter

THE developers of the proposed R150-million cement factory near Port Shepstone have accused a small group of Umtentweni ratepayers of placing the project in jeopardy and of posing a serious threat to Natal's sensitive cement supply

The ratepayers are objecting to the establishment of a 16 km rail link between the cement factory and their town, and Mr Dennis Rowe, general manager of Natal Portland Cement, has warned that without the line there would be no cement factory

Mr Rowe said it was 'of paramount importance' that work should begin immediately or the project would certainly have to be abandoned

He said: 'In terms of profitability the project is already marginal. Eventual cost of the clinker plant — assuming it is commenced immediately and completed on schedule at the end of 1983 — will be in the vicinity of R150-million

'But for every month the project is delayed the final cost will increase by R1 000 000 at current cost projections.'

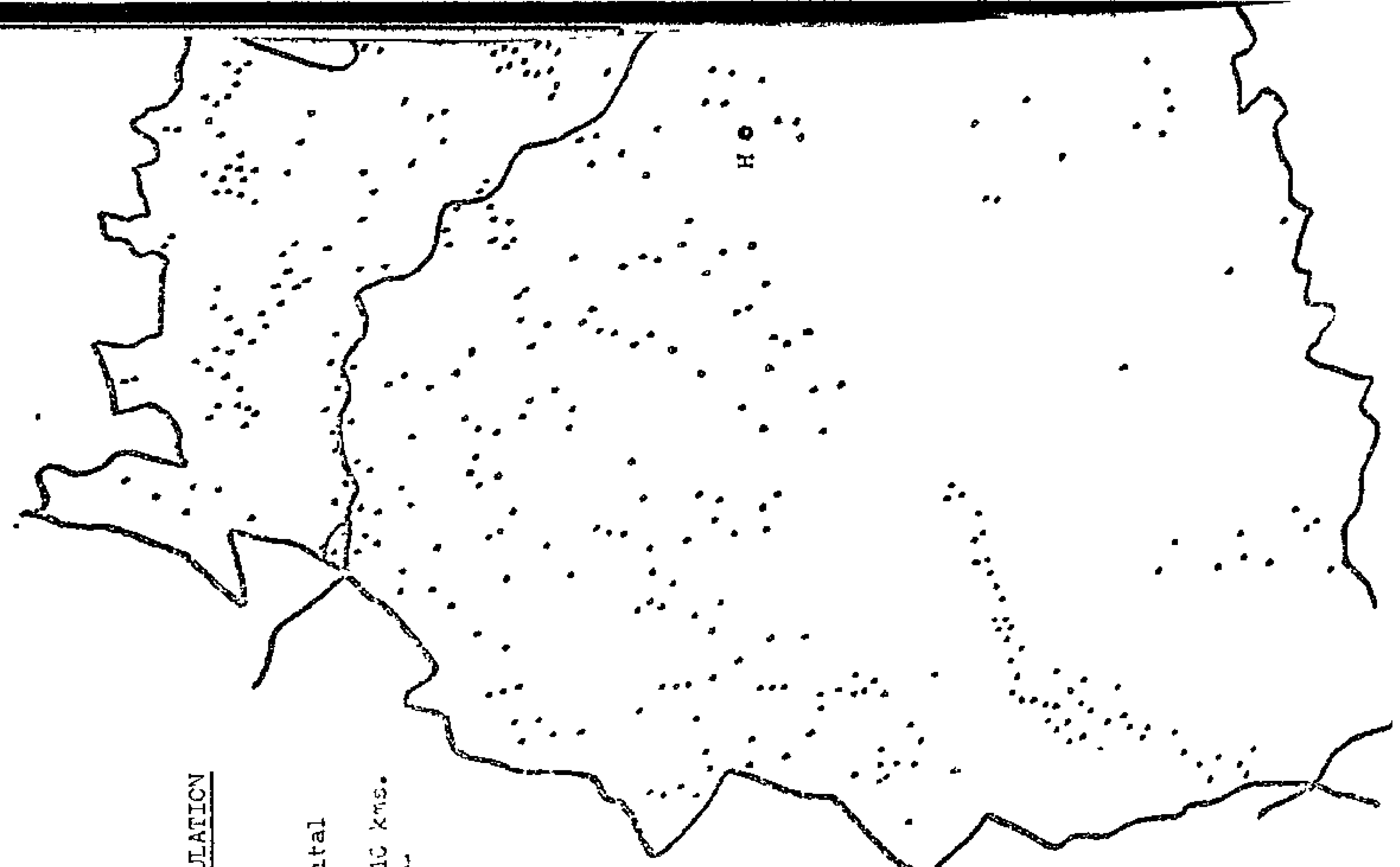
Mr Rowe warned that for every day the rail link was delayed Natal would lose one day of local porduction of vitally needed cement in the future.

Last week a meeting of 50 Umtentweni ratepayers demanded that the Town Board send a telegram of objection to the Minister of Transport.

Mr Rowe said he had been surprised by the move because he had gone to great lengths to explain that the route of the rail link had been chosen after a costly and comprehensive environment impact study had been commissioned

Of the 16 km intended for the link line only two were in contention. They would run past a residential area and 1 km of this section would be laid on an old, unused railway route

Last night the Minister of Transport, Mr Hendrik Schoeman, confirmed he had flown over the proposed route of the rail link He said 'We looked at the alternate route and in my opinion it would be more expensive but we are still investigating the situation'



MAP 3

H ● St Lucy's Hospital

0 5 10 Kms.

... 23 / ...

It seems likely that other dairy projects have failed as the problems of lack of markets and low production force members to leave (9) That people consider the projects as essentially non-viable is borne out by the fact that while many people in Amathole and Imomo have decided to sell milk as a result of the dairies' example, they have not joined.

Freddy Mhlauli said that AmatholeDairy has lasted so long because the members work well together and trust each other "unlike at N M 's place" It does seem that the tensions generated by the conflict between N M and the other members may lead to the dairy's rapid demise, on the other hand while the Amathole dairy has been running for over 25 years only two people earn more than R5,00 a month from it and very few people are involved

This brings us to the issue of whether an efficient patron figure, by bringing ... make more use of their cattle, dairies ... the standard of living of the very poorest ... with cattle can join Furthermore, ... out of the dairy because they have too ... the dairy, thus the man of the family ... no one left at home to do the labour ... ly beneficial to people who have many ... earning activities and who can fit the ... a supplementary source of income (10)

In view of peoples commitment to the project (discussed later) I would see the dairies main value in providing an educative experience for those involved One might argue that in an environment of such poverty and lack of alternatives, inequitable production is better than nothing and that it is very useful in expanding peoples consciousness.

. / ...

4 COMMUNAL GARDENS

4 1 INTRODUCTION

It seems that the agricultural extension department has been encouraging communal gardens for over twenty years, in the Ciskei at least In [illegible] there was mention of gardens which had been started and failed even before the rehabilitation schemes were begun There has been particular emphasis on them in recent years although this varies from area to area I visited gardens in the Ciskei, Transkei and Kwazulu Some have been very successful while others barely totter along and there are many which have been abandoned altogether

Some of the successful ones were established over a very short period of time and then attracted more and more members and stimulated people in surrounding ... free by the government, the site is situated very close to water (i e generally on the banks of a stream) and the extension officer [illegible] and talks on how to grow vegetables These factors are very important [illegible] villages are more than half an hour's walk from water, and most people have no fences round their home gardens so that chickens and small stock eat whatever they try to plant

Most of the gardens are called "Zenzele Gardens" (and in Kwazulu [illegible]) even where there is no Zenzele women's committee [illegible] are strong Zenzele groups (e g [illegible]) it is part of the 'policy' of Zenzele to ask the extension officer to help them establish gardens In [illegible] a garden then, the extension officer may work through groups [illegible] or the Y W C A or he may hold general meetings and work through all [illegible] to get to the population at large In other cases a group of residents may approach the extension officer

/

Unions dispute a 'test for the State'

com [illegible]

193

By STEVEN FRIEDMAN
Labour Reporter

A BLACK trade union is locked in a registration dispute with a rival union which it believes is a test of Government attitudes to 'company' unions

The union is the Building, Construction and Allied Workers' Union which charges that the rival National Union of Brick and Allied Workers is a "company union" formed by brick manufacturers Corobrik, a subsidiary of the giant Tongaat group

NUBAW has applied for Government registration and has asked the industrial registrar not to register BCAWU

BCAWU argues that NUBAW should not be registered, basing this on indications from Government officials last year that "company unions" — unions formed by employers — would not be registered

But both NUBAW and Corobrik deny that the union is a "company" union

The Rand Daily Mail reported this year that there were suspicions that NUBAW was a company union — a charge which it denied

Suspicions were based on signs outside the union's office which described it as the "Corobrik National Union of Brick and Allied Workers" and that its telephonist answered its phone with the greeting "Corobrik, good morning"

The union's general secretary, Mr Eustace Legotlo, is a priest who is active in black church politics

BCAWU which claims 6 500 members, says suspicions were fuelled by the fact that Mr Legotlo and NUBAW'S president, Mr M C Harike were until recently Corobrik management men

In a separate memo, the union also alleges NUBAW, which claims a membership of 4 500, could not have organised these workers in such a "short space of time" without "management assistance"

It also alleges Corobrik wage clerks collect NUBAW dues

A memorandum from Mr Legotlo's law firm to the registrar denies the union is a "tame" or "company union

It confirms NUBAW used Corobrik s name on signs and on the phone, but adds that 'almost all of (NUBAW's) members are employed by Corobrik and the use of the name facilitated communication between (it) and its members'

The memo says Mr Legotlo and Mr Harike left Corobrik to form NUBAW when they "became disillusioned with the treatment by management of black workers"

The union says it has succeeded in negotiating pay increases for workers and winning their reinstatement when they have been fired

TONCORO 193

Still building

FM 26/6/81

Activities *SA's largest brick manufacturer Also supplies walling roofing and cladding to the building industry Tongaat owns 76% (74,3%) of the equity*

Chairman *A R Kemp, managing director C M L Savage*

Capital structure *21,5m ordinaries of 10c Market capitalisation R71m*

Financial *Year to March 31 1981 Borrowings long- and medium-term, R7,2m, net short-term, R4,1m Debt equity ratio 9,3% Current ratio 1,3 Net cash flow R15,6m Capital commitments R9,5m*

Share market *Price 330c (1980-81 high, 400c, low, 230c, trading volume last quarter, 210 000 shares) Yields 23,0% on earnings, 9,1% on dividend Cover 2,5 PE ratio 4,3*

	'78	'79	'80	'81
Return on cap (%)	5 6	8 9	13 0	22 8
Turnover (Rm)	40 0	23 1	117 3	173 0
Pre tax profit (Rm)	1 1	6 3	13 9	28,7
Gross margin (%)	9 4	12 2	13 8	17,3
Earnings (c)	9 2	14 0	35 7	76 0
Dividends (c)	5 5	5	12	30
Net asset value (c)	288	287	425	469

Current demand for Toncoro products has satisfied management that production capacity will be fully utilised for at least the 1981 and 1982 financial years

It is thus something of an anomaly that Toncoro shares should be trading at a 29% discount to net worth The reason is probably related to the combined risk of the group's reliance on one product for the bulk of its income and the highly cyclical nature of the building and construction market

The 1981 annual report is notable for the emergence of a new philosophy which could result in a reduction of specific risk and thus a re-rating upwards Chairman Dick Kemp says the production development programme has two main objectives To meet obligations to the building industry and to have quality walling material available for all sectors of the community '

The first objective means the group hopes to avoid severe brick shortages and excessive stockpiling by introducing a sophisticated advance order scheduling system

The second objective is of more long-term consequence Management has now realised that the heavy reliance on clay bricks has high risk The expansion of this product base to include all forms of walling will not only create new markets but could also protect existing products from losing market share

Clay bricks are still the most popular building material for residential use in SA, but the group is caught between the industry's wild cyclical swings and price control Kemp blames the shortage last year partly on price control "which at one time limited the return on capital employed, before interest and tax, to 10% per annum, this being less than the current rate of interest on borrowings "

As it is Toncoro will have increased brick output by 53% from December 1979 to April 1982 when capacity for almost 2 000m bricks a year will be on stream Most of this expansion will be internal as the number of possible takeovers is limited and the discount to net worth which Toncoro trades at makes it costly to use paper for acquisitions

The acquisition of the minorities in Corobrick Free State and Golden Brown (both are now wholly-owned) will result in Toncoro's issued equity increasing from 21,5m shares to 22,8m Both these companies were trading at substantial discounts to net worth and for that reason the cash offer made by Toncoro seems to have been deliberately pitched at a less attractive rate than the share offer was

Toncoro's current capital structure is exceptionally strong and gearing appears to be unduly low Interest cover at over 24 times should mean the group has scope, from a cash flow point of view, to considerably gear up And the current return on capital employed is high enough, even at present interest rates, to provide a real return on borrowed money

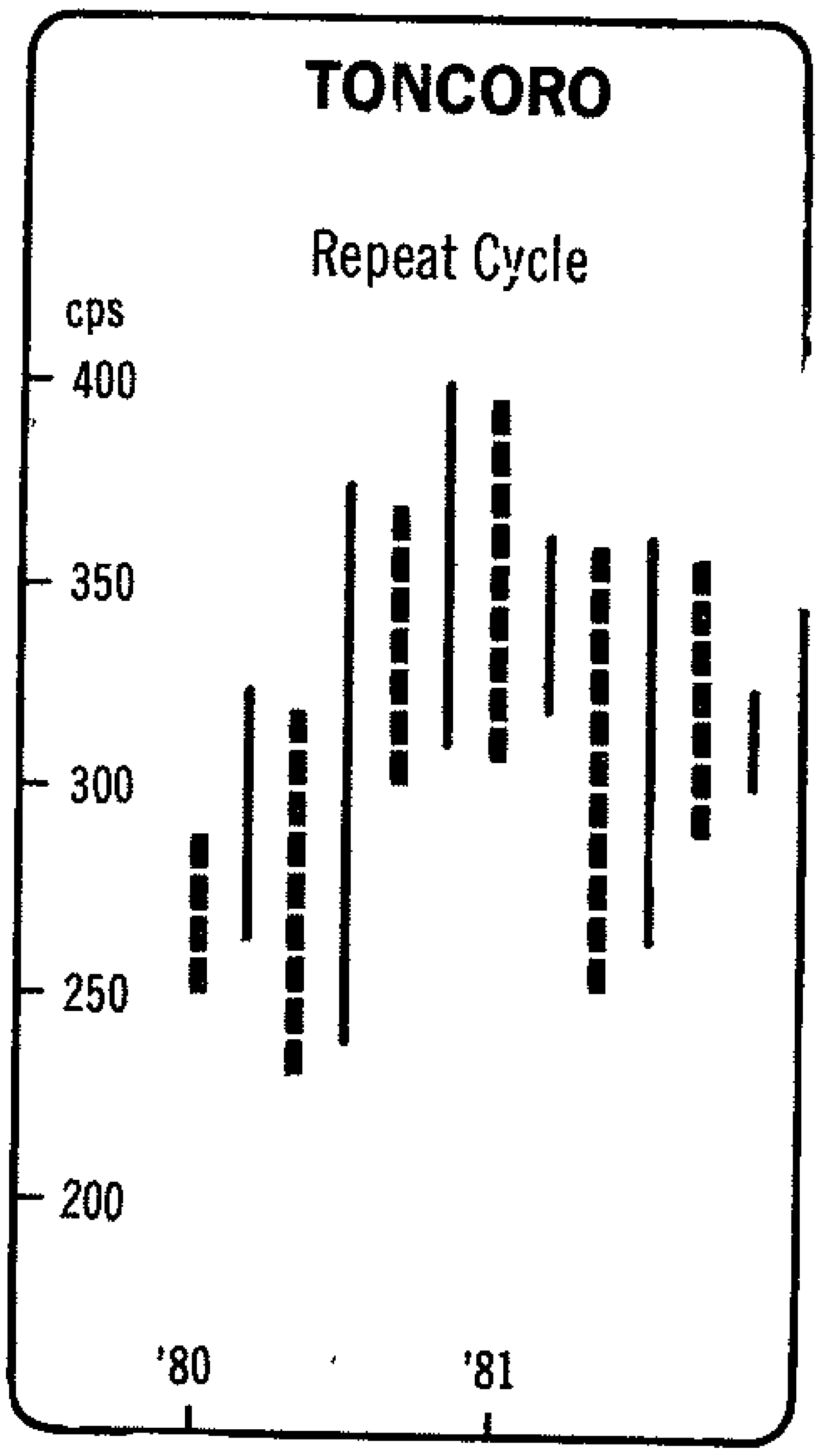
Certainly, planned capex of R24,2m (R17,6m last year) is an encouraging sign that the low debt equity ratio does not mean the group will fall behind in attaining its two objectives

The high interest cover, low gearing and expansion plans suggest however, that it is going to be extremely difficult to change the nature of the animal Returns are bound to slide during the next phase of the construction cycle and that is probably the main reason the group has not geared up to the hilt now Where Toncoro could head, in terms of its given capital structure, is into complete industrial diversification But Toncoro is a subsidiary of Tongaat and is thus in itself a diversification

So Toncoro management is left with a balancing act attempt to beat price control and squeeze as much as possible out of the market in good times and expand the product range within existing boundaries, using low-risk gearing

The share is not a lock-away blue chip The building industry trend needs to be continuously monitored and medium-term trading in the share is advisable Portfolios with low specific risk would do well to increase capital returns by including Toncoro The time to have bought, however was 18 to 24 months ago Right now holders should sit tight

At the upper end of the scale the group could pay 40c a share this year That gives a prospective yield of 12 1 which seems fair value Timing is of the essence with this one, however, and the present does not seem to be an optimum buying time



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RONALD LUBNER "In position to expand"

SUNDAY TIMES Business Times, June 28, 1981 3

Plate Glass optimistic

S. Times 28/6/81 (193) (249)

By John Spira

THE Plate Glass Group is budgeting for a 20% earnings increase in the year to March 31 1982 against the background of an expected 4% growth rate in the economy and a 16% inflation rate for calendar 1981

A joint statement by Morris Lubner, chairman of Placor Holdings, and Bertram Lubner, chairman of Plate Glass & Shatterprufe Industries, points out that national growth coinciding with the group's financial year will probably be less than 4%, indicating that the group's performance will be "somewhat better than that of the economy as a whole"

In the year to March 31 1981, earnings per share soared by 97%, return on assets was 23% and on shareholders' funds 31% The targets for the two latter ratios for 1981-82 are 21% and 30% respectively

At the end of March 1981, borrowings as a percentage of shareholders' funds plus deferred tax were 37% By end-March 1982, this figure is expected to rise to a steeply higher 75%

Chief executive Ronald Lubner tells Business Times "During the past couple of years we have been following a policy of consolidation This process has now been substantially completed, which means that we are now in a position to expand

"One of the paths we shall follow in pursuing such a policy is the acquisition route — hence our allowance for a marked increase in borrowings We are, in any event, considerably undergeared at present "

In the year to March 31 1981, merchandising and contracting provided 76,9% (67%) of net taxed income, with manufacturing and processing accounting for 23,1% (33%)

In terms of overall sales distribution, the building industry's share declined from 42,1% to 37,3%, along with that of the furniture industry — 20,8% from 24,8% — and the motor sector, whose contribtion fell from 18,4% to 16,8%.

Increased contributions came from mining (2,4% against 1,7%), stores and retail (14,7% against 6,5%) and other (8% against 6,5%)

Referring to the past year's outstanding performance, Messrs Morris and Bertram Lubner state. "Those sectors which constitute the group's major markets outperformed the economy as a whole to a material degree and the effectiveness of our organisation enabled full advantage to be taken of these conditions

"Capacity which existed at the beginning of the period, in both manufacturing and trading units, has gradually been utilised, yielding in the process above-average levels of profitability."

On prospects for the current year, the two chairmen have this to say· "While in many instances plans are at an advanced stage to ensure that future demands can be met, such demands are being forecast with a conservative bias, for the lessons of the past have emphasised the need to guard against over-optimism."

Ronald Lubner highlights the group's altered management structure, pointing out that "we underwent a difficult and time-consuming reorganisation"

He adds that the emergence of an organisation structure to accommodate current corporate strategy "was undoubtedly the most significant event of the year"

The a ... sector include the supply of curative services such as general hospitals, outpatient services, mental and infectious disease hospitals, services relating to the prevention of infectious diseases such as tuberculosis and malaria, the provision of medical research, laboratory services, medical training, and the regulation of the private sector[5]. Table 1 shows the proportion of expenditure by the type of service supplied by the public sector for the year 1969/70

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(4) B Abel-Smith, Paying for Health Services, World Health Organisation, 1963, and An International Study of Health Expenditure, World Health Organisation, 1967 The two differences are that military health services have been omitted, and expenditure on mental patients detained in institutions but not receiving remedial treatment are included whereas they were excluded by Abel-Smith.

(5) For a fuller description see Mary O'Reagain, op. cit., pp 33-59

Notes:

(a) Figures in parenthesis show the proportion of the row totals accounted for by each level of government, and those not in parenthesis show the proportion of the column totals accounted for by each type of activity

(b) Expenditure data is drawn from Estimates of the Expenditure to be defrayed from Revenue Account during the year ending 31st March, 1970, RP 2/1969
Part II of the Report of the Controller and Auditor General for the Financial year 1969/70, RP 51/1970
Report of the Provincial Auditor on the Accounts of the Province for the year ended 31 March, 1970, Province of the Orange Free State, Cape of Good Hope, Transvaal and Natal

(c) Local Government expenditure is not available in published reports but has been estimated by assuming that the maximum rate of subsidy was paid, and using this as a multiplier on all subsidies paid from Central Government Amounts of subsidies are drawn from Central Government estimates, adjusted for actual expenditures

(d) Including training and laboratory examinations.

(f) Including hospitalisation, expenditures on prevention, and the salaries of local health officers

(g) Including outpatient services, and ambulance services.

Star 29/6/81

~~249~~ 193

Plate Glass predict earnings growth

Plate Glass and Shatterprufe Industries averaged a growth of more than 100 percent in earnings in the past three years but expects earnings growth to slow somewhat in the current year, the company says in its annual report

However, PG is forecasting that earnings will climb 20 percent in the 1981/82 financial year, well above the anticipated rate of inflation.

In the annual report, PG chairman Mr Bertie Lubner, comments that corporate plans (which were completed before the year-end), budget for an increase in earnings of 20 percent, indicating within a small tolerance a performance somewhat better than that of the economy as a whole.

The 20 percent forecast growth in earnings will give earnings of about 243c a share in the financial year to March 31, 1982, and, following PG's pattern of paying out 45 percent of attributable income in dividends, should mean a dividend of 109c

OBJECTIVE

This would be 19c ahead of the 90c paid in the financial yetr and would reflect more than doubling of the dividend in three years

PG has set itself an objective of earning 21 percent on total assets before interest and tax, and after the LIFO adjustment The comparable figure for the 1981 financial year was 23 percent

Because of the slower growth in earnings anticipated for the 1982 year, the targeted return on ordinary shareholders' funds slips marginally from the 31 percent achieved in 1981 to 30 percent.

PG is looking for minimum 22 percent return on ordinary shareholders' funds for any new investments it might make in the current year.

Chief Executive Mr Ronnie Lubner comments that an analysis carried out by the group highlighted the need for PG to embark on strategies to improve the quality of earnings.

"Expansion through acquisition, the continuing exercise to promote operational efficiency and the increasing of financial reserves — strategies which were shaped in the previous financial year — will form the cornerstone of future growth," he says

The glass division, Glass International, contributed 44,7 percent to group profits, of which 38,8 percent was earned in South Africa.

PG will double its mirror-plant capacity in the current year at a cost of R1-million which additional capacity should cope with projected domestic growth and export opportunities.

Its Shatterprufe factory increased sales 40 percent in the year under review.

The windscreen plant at Port Elizabeth reached full utilisation and PG is spending R5-million on the Rosslyn plant which will be in production in October this year.

The glass division is budgeting for higher sales of all products in real terms, for the 1982 financial year

Glass operations in Australia, which contributed only 5,4 percent to group profits, are expected to improve performance and profitability in the current year

The United States operation added 0,5 percent to group profits An acceptable return from this area is only anticipated in the financial year starting in April 1982

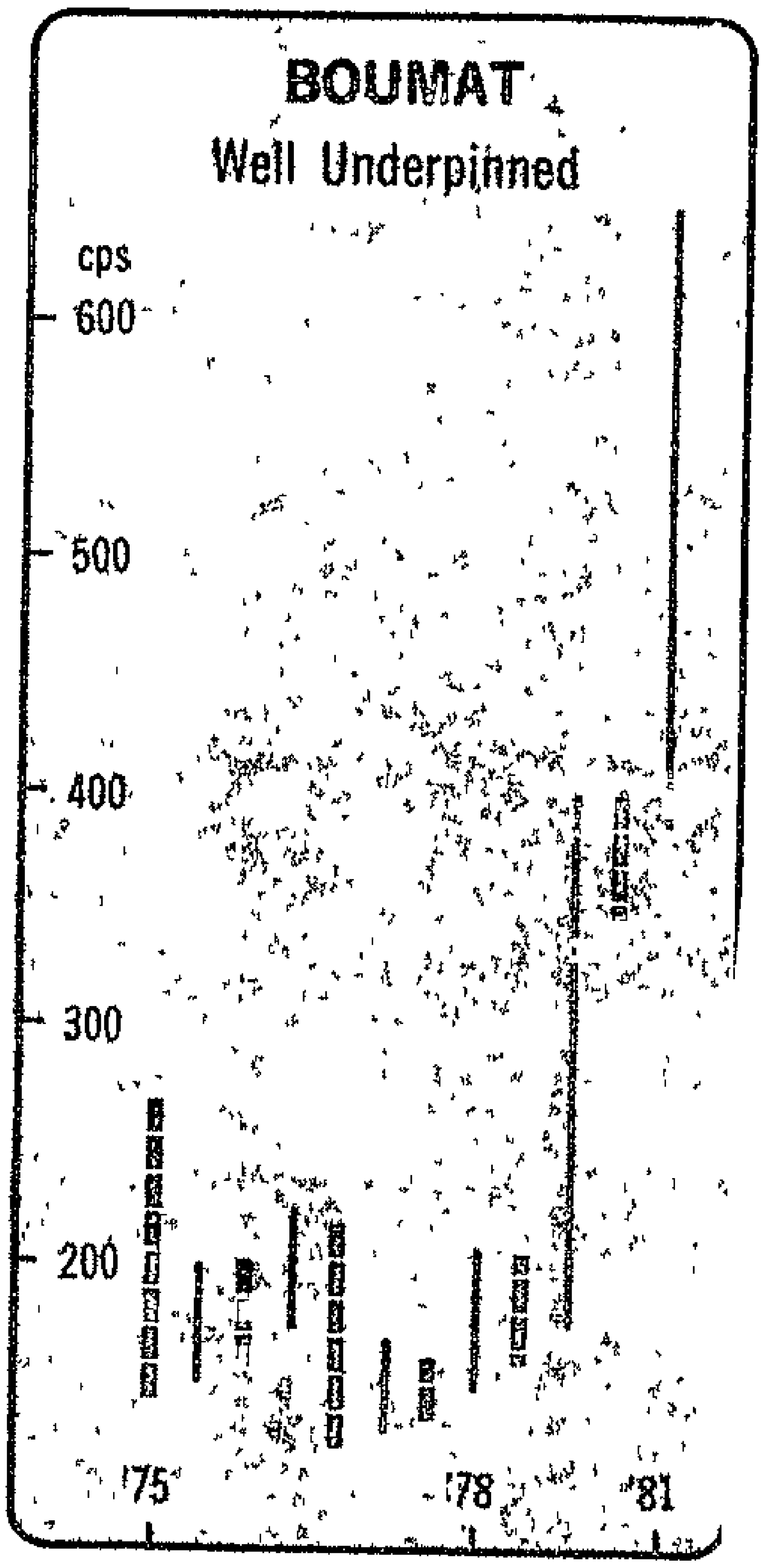
Mr Lubner says that the acquisition of Holdit Investments constituted the final move to set up an international, vertically integrated wood organisation.

HIGHLIGHTS

Financial highlights for the year ended March 31 (with comparable figures for 1981, 1980, 1979, 1978, 1977) are:

Earnings a share, 202,9, 103,0, 36,9, 23,6, 46,4; Dividends, 90,0, 50,0, 14,0, 10,0, 20,0, Dividend cover, times 2,3, 2,1, 2,6, 2,4 2,3; Net asset value a share, 649,4, 535,6, 448,9, 431,9, 440,7.

Ratios· Total liabilities to shareholders' funds 1,08, 1,02, 1,10, 1,16, 1,13, borrowings to shareholders' funds 0,37, 0,47, 0,58, 0,66, 0,69; interest cover on borrowings 10,35, 6,31, 3,22, 2,68, 3,18; current assets to current liabilities 1,74, 1,72, 1,73, 1,63, 1,60; return on shareholders' funds (PC) 26,6, 17,8, 8,3, 6,1, 10,1, — Sapa.



The one area in which Boumat's forecast seems to be optimistic is gearing The long-term target is to hold the debt·capital employed ratio at 50% · In financial 1981, the ratio was 53% because of increased working capital needs But fixed capital should rise faster than debt this year and gearing could fall to 48%.

Looking three years ahead, Brittan anticipates the return on opening capital employed will fall from the extraordinarily high 50,7% achieved in 1981 Despite this expected decline, the projected returns are well above the goal of averaging 30% and they compare favourably with most listed industrial companies

The forecast earnings growth for this year does not take into account any possible acquisition benefits Incledon, Tool Wholesale and City Metal Works were takeovers which boosted the 1981 figures, there is no reason to assume Boumat will dampen its acquisition aggression

On the 218c earnings forecast, Boumat is on a 3,1 times PE and the 45c projected distribution gives a 6,7% prospective yield The short-term income yield is not attractive, but Boumat is worth holding for the long term because of, primarily, sound industry prospects and innovative and proven management However, income attractions probably hold sway in this market and though the share is worth holding, it is not worth chasing *Des Kilalea*

A FORECAST

	'82	'83	'84
Turnover (Rm)	255	304	382
Operating profit (Rm)	26	31	37
Earnings (c)	218	253	293
Dividends (c)	45	61	79
Asset turn [illegible]	[illegible]	4,2	4,2
Return on sales (%)	10,2	10,2	10,2
Retur[illegible]	[illegible]	[illegible]	43,1

BOUMAT (193)

Clear targets

FM 3/7/81

Activities. *Supplier of specialised building materials Also manufactures solar and electric water heaters and building fittings Saficon owns 31% of the equity*

Chairman. *I D Brittan, deputy chairman S Borsook*

Capital structure· *5,0m ordinaries of 50c, 500 000 variable rate prefs of 50c, and 1,1m 10% red prefs of R1 Market capitalisation R33,8m*

Financial. *Year to March 31 1981 Borrowings long- and medium-term, R13,0m, net short-term, R11,4m Debt equity ratio 73,5% Current ratio 1,7 Group cash flow R10,3m Capital commitments R219 000*

Share market. *Price 675c (1980-81 high, 675c, low, 410c, trading volume last quarter, 250 000 shares) Yields 26,9% on earnings, 4,7% on dividend Cover 5,7 PE ratio 3,7*

	'78	'79	'80	'81
Return on cap (%)	18 8	20,4	25 9	32 5
Turnover (Rm)	48 3	64 5	108,9	191 3
Pre-tax profit (Rm)	2 5	3,7	8 3	16,7
Gross margin (%)	6,8	7,8	9 4	10 4
Earnings (c)	31,7	48,8	101 5	181,3
Dividends (c)	22	23 5	25	32
Net asset value (c)	235	250	322	450

As growth in the economy slows, the benefit of Boumat's dividend policy becomes apparent In his three-year forecast, chairman Irvine Brittan is able to promise an annual compound dividend growth of 35,2% and an earnings growth of 17,4% This contrary trend is possible because Boumat bases its distribution on opening net worth rather than on the percentage of earnings

Brittan expects sales of R255m (R191m) in financial 1982 and operating income of R26m (R18,9m) This is based on an expected real growth in the building industry of 5,73% and 15% cost inflation To arrive at this assumption, Brittan presumes a slowdown in growth in private residential building to 1,8% and 15% for public construction This relatively high growth for public sector building is based on an almost static situation in financial 1981 These figures are based on the industry moving back onto its longer-term growth path of 3,5% in real terms

In addition, Brittan has taken into account the benefits which should flow from the recent acquisition of Mosaic Producers and the Falks group and improvement in the disappointing performance from manufacturing subsidiaries Sales forecasts for 1983 and 1984 assume private residential activity will have returned to its 3,5% real long-term growth path Cost inflation is assumed at 15%

Star 8/7/81

~~185~~ ~~152~~ 193

Strike at Cape concrete factory

Labour Reporter

The entire work force at a Cape Town concrete factory downed tools today because one of their colleagues was dismissed.

About 70 employees at H Blackman and Co claimed their colleague had been dismissed arbitrarily.

The precast concrete firm has been the scene of several work stoppages due to dismissals and disputes about overtime payments.

The workers, members of the Western Province General Workers Union (WPGWU), have demanded the reinstatement of their colleague as a condition of returning to work.

The general secretary of the union, Mr Dave Lewis, said the firm's manager, Mr Blackman, was unwilling to discuss the dispute with the WPGWU and had refused to speak to the workers' committee.

An inspector from the Department of Manpower Utilisation was called in but workers refused to talk to him.

Mr Blackman was unavailable for comment.

QUANTITY SURVEYING (Continued)

Bell-John Prize
For the best all-round student in any year of study.
P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.
P R Swift

LTA Prizes
For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.
I : N D G Sessions
II : A R Low Keen
III: No award

S A Brick Association Prizes
For the best student in the subject of Building Construction.
C W von During

For the second best student in the subject of Building Construction.
K Strong

URBAN & REGIONAL PLANNING

Argus 9/7/81 (193) (152) (145)

65 workers reject management offer

SIXTY-FIVE workers of the H Blackman precast factory in Wetton, who walked out yesterday over the dismissal of a fellow worker, rejected an offer by management today to settle the dispute

A spokesman for the General Workers' Union said management offered to take back all the workers except the dismissed worker who will be given three weeks' severance pay

'The workers rejected this and saw management's offer as an admission it was wrong in the first place

'The workers are demanding the reinstatement of the worker or full payment for the remaining four months of his contract,' the spokesman said

A spokesman for the General Workers' Union said the men, mostly contract workers had not reported to the factory today Their elected committee would seek a meeting with management again later in an attempt to resolve the problem

The union yesterday delivered a letter to the firm calling on it to negotiate with the committee and to establish grievance procedures

'The workers are willing to go back to work if the issue is resolved,' the spokesman said

They claimed no reason had been given for the dismissal of the worker

The managing director of the firm, Mr H Blackman, was not available for comment.

QUANTITY SURVEYING

(Continued)

Bell-John Prize
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URBAN & REGIONAL PLANNING

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Firm hit by fourth strike

FCM 9/7/81

(127) (193) (123)

Labour Reporter

A SMALL Cape Town company, H Blackman which manufactures concrete products, was hit by a strike yesterday — its third in six months and the fourth in a year, union sources said

A spokesman for the General Workers Union said all 65 workers walked out over the dismissal of a colleague and claimed workers were "angered" by the firm's decision to "call in Department of Manpower Utilisation officials instead of dealing with worker representatives"

Management spokesmen could not be contacted yesterday The Rand Daily Mail was told they would only be available this morning

According to the union which says it represents H Blackman workers the firm was unwilling to discuss the dismissal with a worker committee elected under union auspices, or with union officials

The spokesman claimed the firm had called in the department during each stoppage increasing workers' anger

Workers seek talks over sacking

CT 9/7/81

(193) (132) (145)

Staff Reporter

A WORKERS' committee at a Wetton precast-concrete factory, where 65 workers walked out yesterday in protest against the sacking of a fellow worker, will try to negotiate with the factory manager today over the dismissal

The factory manager, Mr H E Blackman, said last night that he did not know if he would meet the delegation "I do not want to make any comment on the matter at this stage "

A representative of the Western Province General Workers' Union (WPGWU), to which the workers belong, last night said the manager had fired a worker for making an error in the cement-mixing process

The workers are refusing to work unless management agree to negotiate with the committee on dismissals

The general secretary of the WPGWU, Mr Dave Lewis, and two other union officials went to see Mr Blackman yesterday but were told to leave the premises or they would be forcibly removed, said the WPGWU representative

An inspector from the Department of Manpower Utilization was called in, but workers refused to meet him saying the department was sympathetic to the factory management

There was no production at the factory yesterday, the representative said

CEMENT 193

Hard times

FM 10/7/81

The cement shortage is now so critical that certain major construction contracts could be brought to a standstill Builders and civil engineers are facing major losses as a result

The Cement Marketing Organisation (CMO) says demand this year is 19% up on 1980, which was in turn 25% up on 1979 The shortages are ascribed to the increased demand and "unforeseen manufacturing problems at some factories"

The Master Builders Association (MBA) describes the situation as desperate and says contractors are losing thousands each day as jobs stand idle The MBA expects the position to deteriorate even further The CMO, however, says it has plans to provide an extra 300 000 t before year-end by recommissioning mothballed plant and rationalisations

Trescon Civil Engineering's Pat Morris says the company has been having great difficulty in obtaining cement for some time The situation, he says, has since deteriorated very badly and on one particularly large project, where it is essential to pour 400 m^3 of concrete every day, the company cannot get supplies

The shortage is also affecting home builders and Trevor Chapple of George Wimpey says the result has been downtime on construction sites and shortages of concrete products, like roof tiles

Chapple says the situation has become acute in the past month and home builders are losing money daily because construction crews are standing idle as a result of the shortage

RDM 10/7/81

Cement sales boosted 15%

193

By SIMON WILLSON
Industrial Reporter

BOOSTED by an "extraordinary" increase in demand, cement sales for the first half of the year were 15% up on sales for the same period last year.

Figures compiled by the South African Cement Producers' Association (Sacpa) show that the cement industry's half-year sales for 1981 were 3 973 000 tons.

Sales in the second quarter of this year, at 2 043 000 tons, were also 15% greater than last year's first-quarter returns.

In the 12-month period up to the end of last month, the sales total was 7 897 000 tons, 7% better than in the 12 months ended December 1980.

Sacpa warned cement customers in May this year that the industry's supply position was "critical" due to the mushrooming demand for cement, and an order backlog developed.

But Sacpa now says it expects to have eliminated the backlog by the end of the year, helped by action which the association has taken on three fronts.

Obsolete and uneconomical plant has been taken out of mothballs and recommissioned — "at considerable cost", Sacpa adds — which should supply about 160 000 tons of extra production this year.

Surplus capacity in the Western Cape, the only area in which all cement requirements are currently being met, is being shipped inland. Up to 100 000 tons of clinker will be shipped to the grinding plant at Durban Cement, relieving the Western Transvaal factories which usually supply the clinker.

Sacpa has also recommended further rationalisation of milling capacities which, it says, should provide an additional 20 000 tons this year.

Cement supply will be further improved by the new, 420 000-tons-a-year capacity Blue Circle kiln at Lichtenburg due to be commissioned in November.

QUANTITY SURVEYING (Continued)

Bell-John Prize
For the best all-round student in any year of study.
P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.
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LTA Prizes
For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.
I : N D G Sessions
II : A R Low Keen
III: No award

S A Brick Association Prizes
For the best student in the subject of Building Construction.

URBAN & REGIONAL PLANNING

RDM 17/7/81

Strike goes on as more join

Labour Reporter

THE strike by workers at Hendler and Hendler in Boksburg is continuing and has spread to the company's night shift — bringing to 1 800 the number on strike

Meanwhile, a stoppage lasting a day-and-a-half by about 500 workers at Buffalo Salt in Industria was settled yesterday as management agreed to pay workers a R10 a week increase after talks with the Fosatu-affiliated Sweet, Food and Allied Workers' Union

And at Colgate's Boksburg plant, the company confirmed that its 250 workers returned to work as expected and said in a statement that negotiations on union recognition would continue through an official conciliation board

Colgate expressed its "regret" that the strike had caused "further delay in the Conciliation Board proceedings"

At Hendler and Hendler a management spokesman said workers were still on strike and confirmed that the night shift had joined the strikers.

He estimated that 1 800 workers were on strike and said the company had negotiated with the Metal and Allied Workers' Union on the dispute yesterday

Workers are demanding an increase over and above that granted to them in the metal industries' industrial agreement In lengthy negotiations with MAWU yesterday, the company reiterated its refusal to grant an additional raise.

A MAWU spokesman said workers had decided to collect their pay today and to return on Monday They were demanding a 50c an hour rise, but were willing that the company deduct from this the amount it had already paid in in accordance with the industrial council agreement, he said

He said workers would return on Monday and expected to meet the company's board of directors

At Buffalo Salt, a management spokesman said workers who struck on Wednesday agreed to return yesterday after management had agreed to their demand for a R10 a week raise, which he described as "massive"

The cost of this increase would have to be passed on to the companies which Buffalo supplied

He denied reports that the company had called the police and Department of Manpower officials

"I don't know who called them We begged them to leave as their presence could not help a settlement"

Mrs Maggie Magubane, general secretary of the Sweet, Food and Allied Workers' Union, said she had been asked to intervene in the dispute by members at the plant The union represents a small number of Buffalo workers

Management had been prepared to meet her and had been "pleased by our role in the settlement"

She said workers had refused to deal with Manpower officials

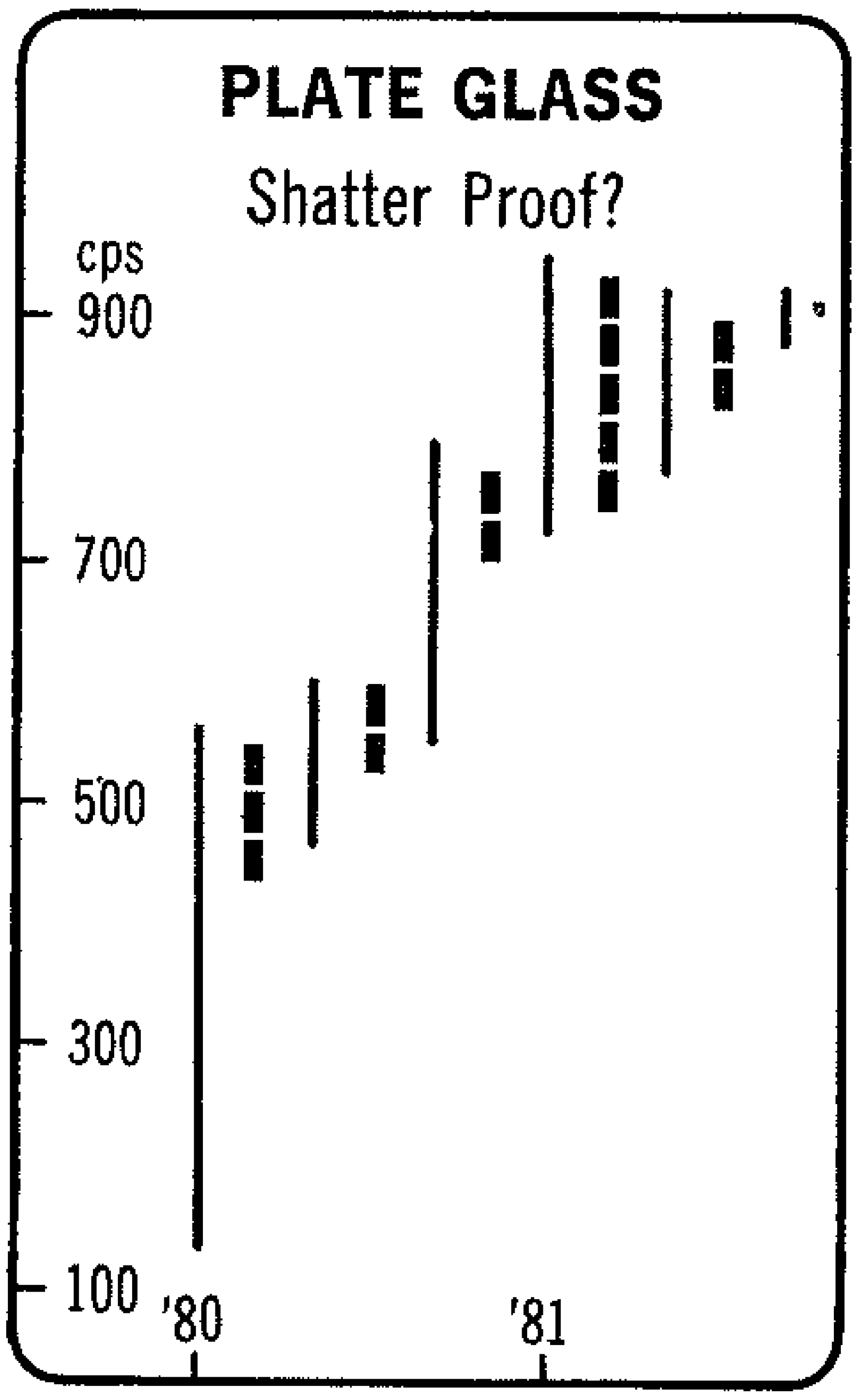
PLATE GLASS (193) FM 17/7/81

A strengthened base

Activities *Processing and merchanting of glass, timber, board and aluminium products Placor Holdings owns 50% of the equity*
Chairman *B Lubner, chief executive R Lubner*
Capital structure *15m ordinaries of 50c, 500 000 6,5% "B" cum prefs of R1, 7,3m 9,5% fixed cum part prefs of R1, 225 000 6,5% cum prefs of R2, 5m 8,5% cum prefs of R1, and 10m variable red cum prefs of 1c Market capitalisation R124,5m*
Financial· *Year to March 31 1981 Borrowings long- and medium-term, R26,6m, net short-term, R10,1m Debt equity ratio 29,2% Current ratio 1,7 Net cash flow R21,7m Capital commitments R8,1m*
Share market *Price 830c (1980-81 high, 940c, low, 460c, trading volume last quarter, 335 000 shares) Yields 24,3% on earnings, 10,8% on dividend Cover 2,2 PE ratio 4,1*

	'78	'79	'80*	'81
Return on cap (%)	11 5	13 6	20 4	23 2
Turnover (Rm)	199	200	221	358
Pre-tax profit (Rm)	9 5	12 6	25 9	55 6
Gross margin (%)	7 7	9 1	13 8	17 2
Earnings (c)	22 0	39 6	100 3	202
Dividends (c)	10	14	50	90
Net asset value (c)	424	452	538	710

* Change to lifo



The combination of an organisational restructuring and exceptionally buoyant demand in the group s major market sectors has left Plate Glass in a strong position Normally, a period of abnormal growth would leave a trading company's balance sheet out of kilter But Plate Glass not only reduced gearing during the year, it also has capacity to expand significantly

And, reading between the lines, it appears much of the group's expansion during the next year or two will be by acquisition with increased overseas exposure

Commenting on the Plate Glass expansion requirements, Placor chairman Morris Lubner says "While in many instances plans are at an advanced stage to ensure future demands can be met, such demands are being forecast with a conservative bias for the lessons of the past have emphasised the need to guard against over-optimism "

Singled out for expansion are a doubling of the Masterpiece mirror manufacturing capacity (R1m), a new windscreen factory (R5m), an increase in the glazing capacity and extensions to the moulding division

But Plate Glass chief executive Ronnie Lubner reiterates that future growth will come from 'expansion through acquisition, the continuing exercise to fine-tune operational efficiency and the increasing of financial reserves '

If financial 1981 is a reflection of management efficiency then Morris Lubner s prediction of a 20% earnings increase for the current year is too cautious

Last year the group boosted sales by R136m, or 62% and trading profit rose by 115% to R55,6m Despite trading at a higher level total borrowings were down and liquidity was maintained at the previous year s high level Short-term loans reduced by R2,4m and long-term loans by R1,5m But year-end stock levels rose 49% to R74m and debtors were up 66,5% to R91,4m

Although the overall cost of financing rose marginally, interest cover on borrowings was a comfortable 10,4 times (6 3)

The group re-organisation has resulted in a decentralisation of management and the creation of four basic operational and one servicing, divisions The largest contributor to group profit was the glass division (45%), which increased sales by 49% and profit by 105% on the merchandising side and by 40% and 21% respectively on the manufacturing side

The Australian division, trading under the name O'Brien Glass, doubled profit and was the only international division to significantly improve its contribution The American glass retailing and wholesaling division performed poorly due to economic factors and the conflict between wholesaling and retailing within one structure The retail side has now been sold

The wood division contributed 21% to group profit though the return on capital, at 14 4% is almost half of that achieved in the glass division (24 5%) The operating margin is 8 6%, which compares fairly favourably with the abnormally high 12 7% achieved in the glass division

Manufacturing and contracting is the third highest contributor to profit at 18%, but the operating margin is one of the group s highest at 15 6%

This breakdown together with the sales distribution is the pointer to the board s caution in forecasting earnings growth for this year Firstly the glass division will not be able to maintain the high operating margin it was able to achieve last year as unutilised capacity was used up Secondly the marked slowdown expected in the SA economy over the next 12 months is expected to squeeze wood division margins "as increased interest rates will encourage the holding of lower stocks' by dealers and credit risk will increase

GROUP SALES DISTRIBUTION

Building	37%
Furniture	21%
Motor	17%
Mining	2%
Stores & retail	15%
Other	8%

Plate Glass is in for a period of slower growth But the sales distribution the current financial structure and the product range all help to create an image of a high growth potential company And the international diversification should start paying off in the next two years as the West climbs out of recession

The American and UK divisions are expected to significantly increase contributions to group profit and the untapped borrowing capacity means Plate Glass is in a strong position to buy earnings through acquisitions not only in SA but also overseas

Plate Glass is currently trading at an historic yield which would look attractive enough to me were it a prospective yield For those wanting a long-term investment, staggered buying over the next few months is advised

Placor yields 11,2% at 290c and as the share is more marketable than Plate Glass it seems a cheaper entry point

Ian Muil

QUANTITY SURVEYING

(Continued)

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URBAN & REGIONAL PLANNING

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Move to end brick union war

Labour Reporter

A REGISTRATION battle between two trade unions, which is seen by some unionists as a key test of official attitudes to "company unions", may be defused soon.

The general secretary of the National Union of Brick and Allied Workers, Mr E K Legotlo, has said he plans to withdraw his union's objection to the registration of the rival Building Construction and Allied Workers Union.

The BCAWU, affiliated to the Council of Unions of SA (Cusa), has accused NUBAW of being a 'company union', initiated by Corobrik. The company and Mr Legotlo deny this.

NUBAW had objected to the registration of BCAWU, which saw this as an attempt to keep it out of the brick industry.

Department of Manpower officials have said that the authorities will not register "company" unions.

Mr Legotlo said he had decided to drop his objection after consulting a labour lawyer who pointed out both unions could be registered in the industry "and that there was no point in us delaying each others' registration by these objections".

Mr Frank Mohlala, general secretary of BCAWU, said it was too early to say whether he would now drop his objection.

Emergency steps taken to beat cement shortage

E. Post 17/7/81

(18)

By SHELAGH BLACKMAN

THE Cement Marketing Organisation has introduced emergency measures to relieve the nationwide shortage of cement

In an interview today, the commercial manager of the organisation, Mr B Pavey, said that increased building activity had led to heavy demands for cement

So far this year the demand was 19% greater than in the same period last year

Apart from this there had been certain unforeseen manufacturing problems, he said

The organisation expected to eliminate the backlog by the end of the year by introducing these remedial measures

- Arrangements had been made to ship up to 100 000 tons of clinker from the Western Cape, where there was a surplus capacity, to the grinding plant at a Durban factory,
- An uneconomic plant at Roodepoort which was previously "mothballed" was being recommissioned and would produce 160 000 tons of cement, and
- Further rationalisation of the milling capacity of plants would give an additional 20 000 tons

Mr Pavey said these measures should improve the supply position by 300 000 tons by the end of the year

In addition, a new kiln which would produce 420 000 tons a year would be commissioned at the Lichtenburg works in November

Although the railways provided an excellent service, there had been delays at some marshalling yards, which had led to problems in delivering cement supplies

The organisation was trying to limit road haulage and to rail as much cement as possible to keep supplies evenly distributed throughout the country

Strike ends after worker reinstated

C. Herald 18/7/81 ~~152~~ ~~145~~ (183)

THE strike [illegible] H Blackman and Company in Wetton has ended with [illegible] to the demands of the workers.

[illegible] reement was reached on Friday afternoon between representatives of the [illegible]5 strikers and man[illegible]

The workers had downed tools after a fellow-worker had been dismissed. Their call for his immediate reinstatement, was agreed to.

The man in the middle, Mr Witness Mlandu, 11, was back at work with his colleagues on Monday morning.

The strikers had ignored an ultimatum to return to work by Friday morning or to face dismissal.

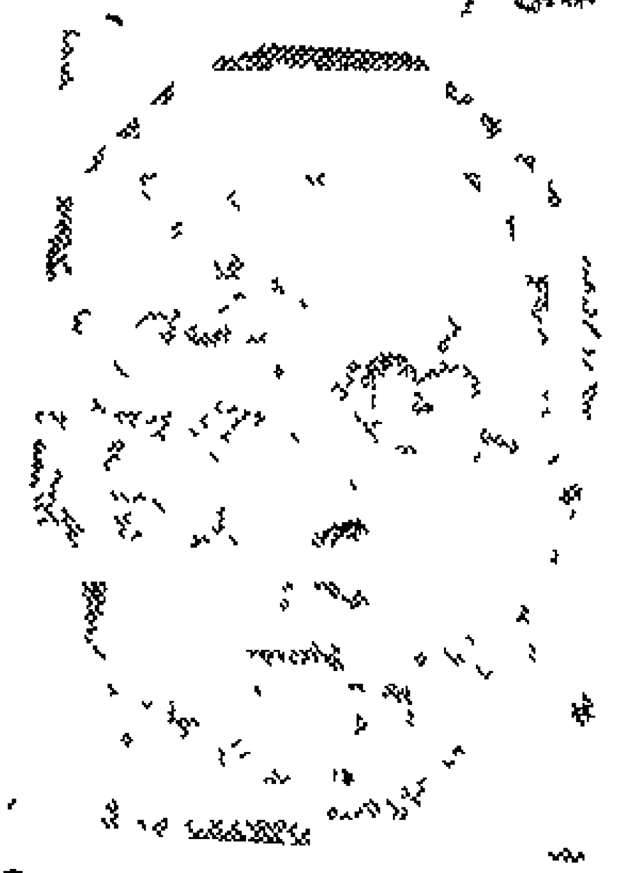
A spokesman for the General Workers' Union — to which the workers belong — hailed the settlement as a tremendous victory.'

The spokesman warned, however, that a similar situation could arise again at the company. (This had been the fifth strike of its kind at H Blackman this year.)

The only way to prevent a recurrence was to establish a negotiating procedure between management and employees.

This procedure should be contained in an overall agreement and would ensure adequate consultation between the two parties the spokesman said.

The managing director of the company, Mr H Blackman could not be reached for comment.



● MR Witness Mlandu, the man in the middle at H Blackman and Company. His fellow workers went on strike in demand of his reinstatement and on Friday they succeeded.

Building trade concerned over cement crisis

E. Post 22/7/81 (193) (BA)

By SHELAGH BLACKMAN

PORT ELIZABETH's worsening cement crisis is costing cartage contractors a fortune and may soon force builders to start laying off staff

According to a builders' merchant, Mr R Harmer, all those involved in the building trade in Port Elizabeth are "suffering"

He said that enough cement was being produced in the city The problem lay in the chronic shortage elsewhere and Port Elizabeth was being raided for supplies

There was now a vast backlog of orders that needed to be fulfilled

This week queues of up to 50 trucks have lined up outside the cement factory

Trucks which last week were arriving from East London and elsewhere to load cement have now been barred from loading at the Eastern Province Cement Company — Port Elizabeth's only cement manufacturer

But some out-of-town builders skirted this problem by phoning contractors in Port Elizabeth and asking them to deliver supplies to the railway station

As a result, local contractors were still being squeezed

Mr Harmer estimated supplies were running six days behind schedule

The owner of a cartage and transport service, Mr E Blunden, said he had eight trucks waiting in the queue outside the factory gates at mid-morning By 11 30am only one had been loaded up

"This is costing me money I only get paid for what I deliver and I am lucky if I get one load a day," he said

Yesterday there were 44 trucks outside the factory at 9am Four hours later it had dwindled to 28 — and shortly thereafter cement firm workers started to load railway trucks

Lorries not attended to by that time had to return today

Mr Blunden phoned the cement company last week to ask if it could not open on Saturday mornings to cope with the serious backlog He was told that the employees worked enough overtime

Mr Harmer said he planned to send five trucks to the factory tonight The drivers would sleep there overnight to ensure that they were the first to be served in the queue tomorrow

"The trouble is that once you have been served and you drive off you have to resign yourself to being forty-fifth in the queue should you need to return for a second load," he said

He complained about the way the situation was being handled

"If you phone up they tell you to contact the Cement Marketing Organisation But everybody there is 'in the country for the week' It's terrible," he said.

A builder, Mr W Farrow, said he had "scrounged" for cement this morning and had managed to buy 25 pockets.

Had he not found these supplies he would have had to lay off 24 workers, he said

He now had enough cement for today and tomorrow

"I have ordered supplies from each merchant in the city and I am going to stockpile," he said

He pointed out that the crisis situation would put up building costs — he was paying more than usual for the supplies he was obtaining at the moment and stockpiling cost money

Mr Farrow described the queueing up at the cement factory as "nonsense" The company should take orders and the supplies should then be collected when they were ready, he said

Board 'won't oppose' rail link

NM 24/7/81

Mercury Reporter

THE Umtentweni Town Board has formally withdrawn its opposition to the proposed rail link between the town and the planned R120 million cement factory at Oribi — subject to the Minister of Transport imposing certain obligations on Natal Portland Cement, who will be paying for the construction of the line

The conditions are that all the suggestions in a recently completed environmental-impact study and a preliminary ecological report be fully implemented

The line should be constructed in the most favourable way

Satisfied

A public relations office must be set up to liaise with the board on any matter that may affect the ratepayers adversely and a new access road to the Port Shepstone Country Club must be provided

The Umtentweni Town Clerk said that, having opposed the line and having called on the Minister of Transport to investigate alternative routes the board was now satisfied that the route through Umtentweni would be the best

He said the impact study had shown that, provided the conditions were adhered to, the impact of the line on the local community would not be as serious as had been orginally believed

Another factor the board had considered was the warning by the Minister of Transport that any further delays would result in an unacceptable escalation of costs

Industry

'There was also the fact that it would have cost R80 million to move the Port Shepstone railway station inland And it was evident from informal discussions with senior Railways officials and a member of the Port Shepstone Chamber of Commerce that there was no active support for this scheme

Local industry and all sectors of the local populace would ultimately derive economic benefit from the cement factory which would create job opportunities and was of importance to the national economy

Adopting this broad view, the board could not be influenced by 'the emotional attitudes of a minority pressure group'

The Town Clerk said the minister had also given the assurance that no railway yard or shunting facilities were planned for Umtentweni and the board believed it would be 'manifestly unreasonable' not to accept the proposed rail link

A spokesman for the pressure group which had asked the board to hold a referendum said the group was not letting the matter rest.

The president of the Port Shepstone Chamber of Commerce, which is spearheading a move to get the station moved inland to allow for development of a holiday mecca from Port Shepstone to Shelly Beach, reacted strongly to the reference to the cost of moving the station and to a meeting involving a member of the chamber

Mr John McCormack said 'I know of no meeting between my chamber and their chairman and I think they have sucked the R80-million cost of moving the station out of their thumbs'

QUANTITY SURVEYING

(Continued)

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Cement shortage halts buildings

RDM 25/7/81

193

By JOUBERT MALHERBE

BUILDING projects in Pretoria are being delayed by a serious cement shortage in the city during the past few weeks

Transport contractors were queueing outside the Pretoria Portland cement factory — sometimes waiting for two days before getting cement

These delays were causing serious financial losses, one contractor said

Several Pretoria suppliers of building materials said yesterday their supplies had been cut from about 1 200 bags a day to 300 — "if they were lucky"

Cement traders blamed the current shortage on the Railways

They said traders were coming to collect cement from as far away as Pietersburg because the Railways could not supply enough trucks

However, a Railways spokesman denied the allegation and said the Railways had enough trucks on hand to transport cement He said there was often not enough cement to fill the trucks

A spokesman for the Anglo Alfa cement factory on the West Rand, which supplies some traders in Pretoria, said the demand for cement was currently exceeding their output services. The Commission believed that as far as medical staff was concerned maldistribution was the biggest problem, though there was an absolute shortage as well.

Through a NHS the provision of staff and services would not be determined by the economic laws of supply and demand, but by the needs of the people. However medical practitioners would not be forced into the NHS, and private practice would be allowed to continue, in the same way as private schools continue to exist, in spite of free education.

The Commission also discussed the various types (insurance, technocratic, bureaucratic and democratic) of NHS and came to the conclusion that the democratic one would be the most suitable. In practice, this would mean that technical and administrative staff would be under close control of the people. The people would have the power in their district councils, to discuss and modify any plan coming from the central health authority.

As we have already mentioned in the introduction, the Health-Centre was designed to be the basic unit and foundation of the proposed NHS. In the preview section of the Report we find a very clear summary of what was envisaged:

> "...the National Health Service in being should not be merely the mechanical projection upon a passive public of some scheme worked out to the last detail by a central bureaucracy, but that it should be rather the sum total of the activities of the Health-Centres throughout the country, each of them autonomous to the utmost extent possible, and each allowing for and expressing in its local arrangements, the almost infinite variety of the needs, and best methods of meeting those needs, in different areas.
>
> The Health-Centre is the practical expression of two of the most important, and universally accepted, conclusions of modern medical thinkers. The first is that the day of individual-isolationism in medical practice is past, and that medical practitioners and their auxiliaries can make

their most effective contribution to the needs of the people through group or team practice. The second is that the primary aim of medical practice should be the promotion and preservation of health. everywhere have subscribed i practice, they have as yet expression. General practi almost entirely to curative health to preventive work. Health Centre can provide ar both of these branches of me

The proposal, fully elabor extra-institutional medica based upon Health-Centres, within a clearly defined a there be supplied with ade equipment and will be assi laboratory technicians etc

The foundation of the prac the periodic medical exami process of health educatic will play the leading part prescriptions. But when i member of the family, the treatment will lie with th at his command the entire resources of the National

As has been stated above, the Centre model offered was app the promotion of health and the prevention and cure of disease of the people on an extra-institutional basis at grassroot level. In Part IV of the Report about the organization of the NHS, the Commission unfolded its views about the Health-Centre in further detail.

S/A 29/7/81 (82)(193)

Federale takeover costs R5-m

By David Bamber

Federale Volksbeleggings has acquired half of the share capital of National Ceramic Industries and of Premier Hollow Brick and Tile Company for R5-million.

Federale says agreement has been reached with Gail AG of Giessen in Germany and Dr Bruno Folli in terms of which a new holding company will be registered to acquire full control of the two companies.

Federale will hold 50 percent of the equity in the new holding company while the balance will be held by Gail AG and Dr Folli.

Federale will pay R2,5-million in cash while the rest of the R5-million will be met by the issue of 500 000 new Federale ordinary shares.

The transaction is not expected to have any significant effect on Federale's earnings a share or net asset value.

The new holding company plans to upgrade the existing National Ceramic Industries' factory and construct a new tile manufacturing plant.

These improvements, which are expected to cost about R7-million over the next 12 to 18 months, are expected to double NCI's existing capacity.

Cement shortage still critical despite relief

DD 31/7/81 193

EAST LONDON — Builders here are still facing a chronic shortage of cement despite an increase in supplies last week which has provided temporary relief.

Three leading cement merchants said there had been an improvement in the quantity of cement railed in last week but that no cement had been supplied this week yet.

A spokesman for one of the merchants, Mr K Wilkinson, said he had received more than the weekly quota last week but this had not been enough to overcome the huge backlog created by poor supplies in previous weeks.

Mr John Heeger, president of the Master Builders Association, said he had spoken to the Building Industries Federation of South Africa (Bifsa) who had had contact with the Cement Marketing Organisation (CMO) and the Cement Producers Association of South Africa.

As a result of Bifsa's representations on behalf of East London builders the immediate situation had improved.

Mr Heeger said that East London was not being victimised by the cement marketers as the position was equally serious in Bloemfontein and Johannesburg was experiencing a shortage as well.

He said the only reason why builders in Port Elizabeth were in a better position was because they could fetch their supplies by truck from cement producers in the city. Contractors in East London were dependent on what was railed to them.

Mr S J Vroom one of the local cement merchants, said his firm had been three weeks behind in cement supplies before 50 per cent of the normal quota was railed in last week.

He said more cement was on its way from the Rand which would help to alleviate the situation further.

Builders said the fresh supplies had meant temporary relief but that they were still battling because of the vast backlog.

One of the contractors said he was still struggling to keep his head above water. 'The position is a bit better at the moment' he said, 'but we live from hand to mouth and we don't know where our next pocket of cement will be coming from.' — DDR

GENERAL NEWS

Building crisis: no hope is seen

Star 18/8/81

193

By Bob Davis

Severe brick and cement shortages "the worst we have ever experienced in South Africa" have halted or hampered thousands of building projects throughout the country.

The executive director of the Building Industries Federation Mr Lou Davis said he foresaw no easing of demand in this decade, "if in this century".

Brick and cement producers supported his statement by saying that even at full capacity they could not meet the demand.

"In relation to present day demand they are the worst shortages we have ever experienced in South Africa," Mr Davis said.

"Thousands of projects have been affected."

Mr Hartley van Schalkwyk, director of a South African cement marketing organisation, said: "Our nine million tons a year capacity is inadequate to cope with the situation that has arisen and the only relief in sight is a 400 000-ton a year factory nearing completion in Lichtenburg."

It would come on stream in November but with consumption up by 40 percent in the past two years, totalling 1 860 000 tons, an increase of 400 000 tons was seen as being of little significance.

The only other major project in the pipeline was a factory near Kimberley which would be in production in 1984.

Mr van Schalkwyk said the major problem was that the cement industry was capital intensive and plant construction took three years.

"Eighteen months ago we were producing enough cement for the country's needs and we had no way of foreseeing the escalation in demand."

He said demand fluctuated to the extent that it was difficult to plan ahead with a satisfactory degree of certainty, and manufacturers were reluctant to put up money for factories which might stand idle even in the short term because of the enormous amounts involved — R40-million and more for a viable project.

Queues of lorries wait daily at the gates of cement plants before the 6 am opening time.

Some of them start queuing at 4 am to be sure of getting a load.

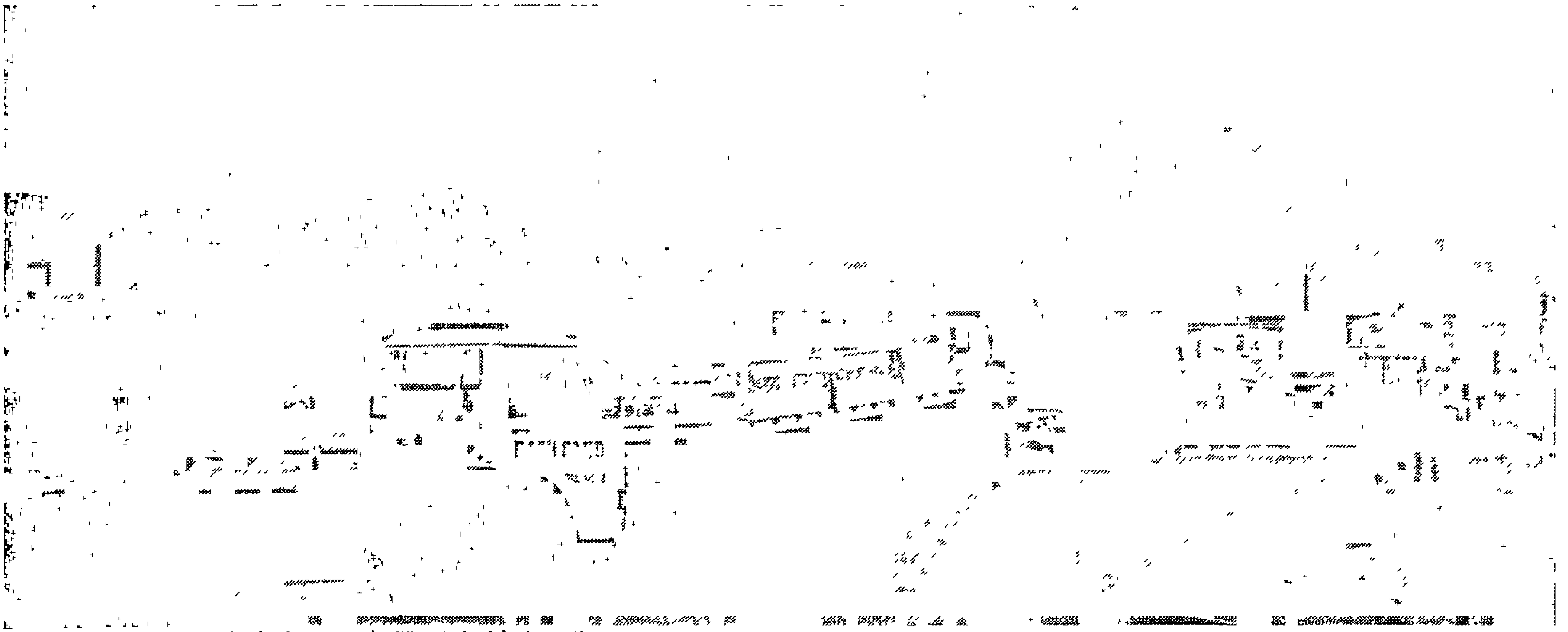
A factory manager on the West Rand said: "We have to turn away dozens of lorries every day because we don't have either the cement to sell them or the capacity to produce more."

Many building material supply depots throughout the Reef and Pretoria are limiting sales to 10 bags of cement a customer. Others will sell only five.

Brick Development Association director Mr Brian Moorhead said there had been no letup in demand for over a year.

The 3 million or 4-million bricks imported from Britain about a year ago did very little to alleviate the situation with demand running well over industry capacity of 4 000 million bricks a year.

Expansion projects which had been mothballed as recently as two years ago had been mobilised but the total effort so far had been insufficient to supply builders with enough material to prevent a slackening of the pace, he said.



The long wait to get a load of cement begins at 4 o'clock in the morning for building contractors on the Reef and Pretoria. Spokesmen for the industry say the shortages of cement and bricks are the worst ever experienced in South Africa.

2.6.3. Double Precision Constant

A *double precision constant* may be written in either of the following ways:

(1) As a real part (of exactly the same form as a basic real constant) followed by a double precision exponent. A double precision exponent is similar to a decimal exponent, except that the letter D is used instead of the letter E.

Examples:

12345678.9012345D0 valid double precision constant

12345678.9012345D–5 valid double precision constant

123.0D3 valid double precision constant

(2) An integer pa… …cision exponent.

Example:

12345678901… …cision constant

2.6.4. Complex Constan…

A *complex const…* …imation of a complex number. It is written as a pair… …constants enclosed in parentheses. The first of the pair… …lowed by a comma and then the second of the pair, whic…

Examples:

(1.2 , 3.4) … constant. It represents 1.2 + 3.4*i*.

(0.0 , 3.4) … constant. It represents the imaginary …

(–34E–2, –4.5I… …constant. It represents –0.34–4500*i*.

(–3400, –4.5E3… …x constant. *Both* constants of the pair … …pe constants.

1 000 on strike at Natal plant

7/8/81

Own Correspondent

JOHANNESBURG — Over 1 000 black workers at the Tongaat Group's sugar mill and animal feed plant at Tongaat, Natal, went on strike yesterday morning as worker action hit several areas of the country.

The strike at Tongaat — apparently sparked by work… [illegible] opposition to plan[illegible] legislation to freeze pension contributions — was still continuing late yesterday and a management spokesman said the company was trying to find out what had caused it.

In Pretoria about 500 workers at Packaging and Paper Industries downed [illegible] in a pay dispute. Management said white artisans were keeping the plant running and [illegible] it hoped workers would return today.

At Richards Bay 800 striking [illegible] workers decided to return to work and about 80 percent of them had returned by yesterday. A meeting between management and the Fosatu affiliated Metal and Allied Workers Union, which will be attended by a KwaZulu Government representative, is scheduled for today.

In Mooi River a four day strike at Mooi River Textiles ended after management agreed to negotiate on wages with the Fosatu-affiliated [illegible] Workers.

[illegible] said Mr Selby Mtshali [illegible] of the Sugar Manufacturing and Refining Employees Union, which is a member of the sugar industry's industrial council, had been notified of the strike and had been asked to intervene.

Union sources said yesterday that three unions were active at the mill. Mr Mtshali's union has been [illegible] company union [illegible] it has [illegible] support from management.

At PPI in Rosslyn, near Pretoria, a management spokesman said workers had struck after demanding a R1 an hour rise which, he said, would constitute a 100 per cent increase on starting rates.

R14-m for new Tvl brick plant

S Times 23/8/81

(193)

COROBRIK is planning to spend R14-million on the development of a new brickfield in the Transvaal to help meet demand in the Pretoria-Witwatersrand-Vereeniging complex

No site has yet been selected, but the company, a Toncoro subsidiary, hopes that the new plant will come on stream next year

In addition to the planned brickfield, work has begun on others at Lawley, Transvaal, and Odendaalsrus, Free State, with a combined production of 72-million bricks a year

By Tony Hudson

The group is also building two large cement brick factories at Sasolburg and Empangeni

Corobrik MD Cedric Savage says that by the end of the year the company will be making 98-million cement bricks a year

Although there is a severe shortage of cement at present, the position is expected to be eased by a downturn in demand and, more important, the coming on stream of a R50-million Blue Circle kiln at Lichtenburg with a capacity of 450 000 tons of cement a year

Although there is a drastic shortage of all types of brick, the situation will be partly eased by the use of cement bricks in place of commons for walls that will eventually be plastered

John Barrow, Bifsa president, says that the industry has no qualms about using cement bricks in place of commons, but warns that certain small manufacturers have been attempting to cash in on the shortage of bricks by producing inferior products

He says that the products put out by the accepted manufacturers have the SABS stamp of approval and are just as good as the clay product

The face-brick position, industry sources say, will improve slightly, as this type of brick in all the popular colours is being imported from Zimbabwe

Mr Savage says that by the end of the year production will have reached 2 000-million a year, making the group the second-largest producer in the world, with the UK's London Brick Company the only one ahead

Despite the hefty increase in brick production, Mr Savage believes that the situation will not be greatly alleviated.

He says figures produced by the University of Stellenbosch's Bureau for Economic Research show that the average growth rate for the building industry for the last 10 years was 4,2%, which meant that Corobrik had to build one brick plant a year to keep up with expansion

However, last year the expansion rate was around 11%, which meant that there was no way that the industry could keep up with demand

On the subject of delays, Mr Savage blames those who have not planned ahead He says that those who let Corobrik know what their requirements would be were placed on the computer and had little trouble in obtaining bricks However, those who arrive out of the blue asking for 100 000 bricks have to expect a delay as there is no surplus to meet unplanned deliveries

Mr Savage says "About 90% of our bricks are delivered to the right place at the right time because architects and developers have informed us of what bricks they require and by when Most of our production is sold and committed to such planned projects"

He says that the brick industry is price-controlled and that it would have been ridiculous to finance huge factories costing between R10-million and R14-million when eight factories were shut and a stockpile of 300-million bricks was eroding the group's financial resources

"Under price control it is difficult to make sufficient profits during the good times to balance the low returns during the bad periods."

INSIDE

- Marievale's handsome profit from futures trading
- Many hands in surging tin price
- Employers court the blue collars

Nampak ponders challenge to Consol

PCM 8/1/81 (173)

By DAVID CARTE

NAMPAK Barlows listed packaging subsidiary, is considering challenging the virtual monopoly in glassware manufacture enjoyed by Anglovaal's Consol Ltd

Mr Bas Kardol chairman of R327-million a year Nampak, SA's biggest packaging group confirmed yesterday that his company was contemplating a major move into glassware

A decision would be taken by mid-October If his company went ahead, it would build a greenfields factory at a minimal capital outlay of R25-million

Nampak makes all kinds of packaging products from cardboard cartons to plastic bottles — but not glassware

Consol on the other hand makes little else but glass and is almost alone in the market Last year it had sales of R114 million

Consol Ltd has been one of Anglovaal's most consistent profit-makers and made a pre-tax profit of R17-million in the year to June This was a 55% rise on the 1980 figure

The 1980 figures themselves were spectacular Earnings and dividends that year had grown at an average annual compound rate of 36% a year for the previous five years

In the five years to 1980 return on capital rose from 22% to 38%, a return seen in few industries in SA

These profits and returns would be one attraction for Nampak Another would be the fact that many of Nampak's biggest customers pack their products in glass, as well as plastic and cardboard so there would be complementarity and customer goodwill

Some industry observers regard it as significant that Consol recently moved into plastic packaging, thus challenging Nampak, Kohler and the other packaging majors To stress the point, Consol changed its name from Consolidated Glass

Consol makes 52 000 tons of glass a year Last balance sheet it had assets of R75-million It has plans to spend R51-million on expansion

These numbers make Nampak's proposals look small, but industry watchers say Nampak does not enter markets as a minor contender They say Nampak's eventual aim would be to challenge Consol's dominance

Market watchers said the move if it came, would not enhance relationships between Barlows and Anglovaal, two of SA's biggest business houses

Mr Clive Menell chairman of Consol Ltd told me he was aware of Nampak's plans Asked for a reaction, he gave an icy "no comment"

~~Salect rights revised~~

~~Financial Reporter~~

~~TRADE & Industry Acceptance Corporation has agreed to underwrite a revised rights issue for SA Selected Holdings~~

~~The previously proposed rights issue was scrapped after the unaudited profit statement turned out to be R2 million overstated~~

~~The new rights issue will increase Salect's shareholders' funds by R6 million~~

~~T&I says it has secured from various substantial shareholders undertakings that they will follow their rights in full This means 45% of the rights on offer will be taken up~~

~~In addition T&I has entered into sub-underwriting and "put" agreements covering the outstanding 55% of rights offered This means it will not have to take up rights not followed by minorities~~

~~But T&I says it intends to acquire a minority interest in Salect~~

~~Details of the restructuring of the company will be released later~~

~~As financial advisers to Salect T&I is to play a major role in assisting Salect to establish a strong financial position and to assist with the procurement of additional key management~~

~~More at work~~

CEMENT

Squeeze on supplies

FM 18/9/81 (193)

Builders have had a rough time lately Though they certainly have had the benefits of boomtimes, these have been marred by supply shortages which have been uncomfortable for the large construction firms and have left the smaller ones in near tumult

Months of cement shortage came to a head this week when the Cement Producers Association (CPA) introduced a system of rationing — in an attempt to bring some order to the distribution network

"Things were bad last week," one builder told the *FM*, "but they are even worse now Small users of cement are having to pay a 'black market price' of R350/100 bags (normal Johannesburg price R239/100 bags) in order to get supplies Even then we are being limited to five bags at a time"

According to the CPA it is a "supply problem" rather than a shortage Chairman Guy Luyt says the order backlog at present is between 100 000 t and 130 000 t — an average week's takeoff. "This year's demand is expected to reach 8,5m t Current conditions have overtaken us," he says

Demand in 1979 was 4,9m t and 6,2m t in 1980 Figures to September show that this year's figures are 17% up on the corresponding period last year

The industry has been criticised for not foreseeing the rising demand But Luyt says that to have had plant in production now the industry would have had to take major capital investment decisions in 1979, when it had 2m t spare capacity "It would have taken a brave man to take that decision then," he says

Debate on the cement shortage has turned to the question of price control Federated Chamber of Industries' Arthur Hammond Tooke says price control has historically disrupted investment in the industry Additionally, there is no adequate offset for high inflation on real investment in this sector

"One must remember it is a capital intensive industry with a long lead time," he says, adding that an unemotional look at the whole issue is needed

University of Natal's Professor Bruce Bowaden agrees that price control played an obvious part in reducing the supply of cement Fear of shortages has also led to a small degree of stockpiling, he says Bowaden believes that although the industry is dominated by a few large producers the benefits of eliminating price control would outweigh any dangers of oligopoly

He adds that the cement industry's "seat-of-the-pants" approach to forecasting demand should be improved and that closer investigations of the variables would have forewarned them of the demand increases

The short-term solutions introduced by the CPA, which included recommissioning "mothballed" plant and moving hundreds of tons of spare clinker from the Western Cape to the Durban grinding factory, have alleviated the situation to some extent But the shortage persists A new plant at Lichtenburg, scheduled for commissioning in November, is unlikely to make any major contribution this year Long-term, says Luyt, the situation is under control — two new plants will come on stream in 1983-4

At the time of going to press, cement consumers were not yet sure how the rationing system — introduced this week — would affect them But they hope that it will at least bring some order to the distribution system Luyt says the industry calculated merchants needs on an historical basis The merchants, he says, will distribute to their clients on whatever basis they see fit On average, he says, merchants will receive about 3% less than their orders

Bigger consumers of bulk cement — many of whom receive supplies direct from the factories — appear to be less affected and have generally not suffered actual shortfalls Murray & Roberts' Dick Glanville says the company is holding ground but is having to employ a lot more effort to get the cement "We don't have a shortage which is delaying construction, but our on-site stock buffer has been reduced from a week's supply to enough for two or three days"

Schachat Cullum's Adrian Dart says his company is having to shuffle supplies and utilise every available source — even if it means transporting supplies across the Witwatersrand "It's not affecting total production but it is affecting costs," he says

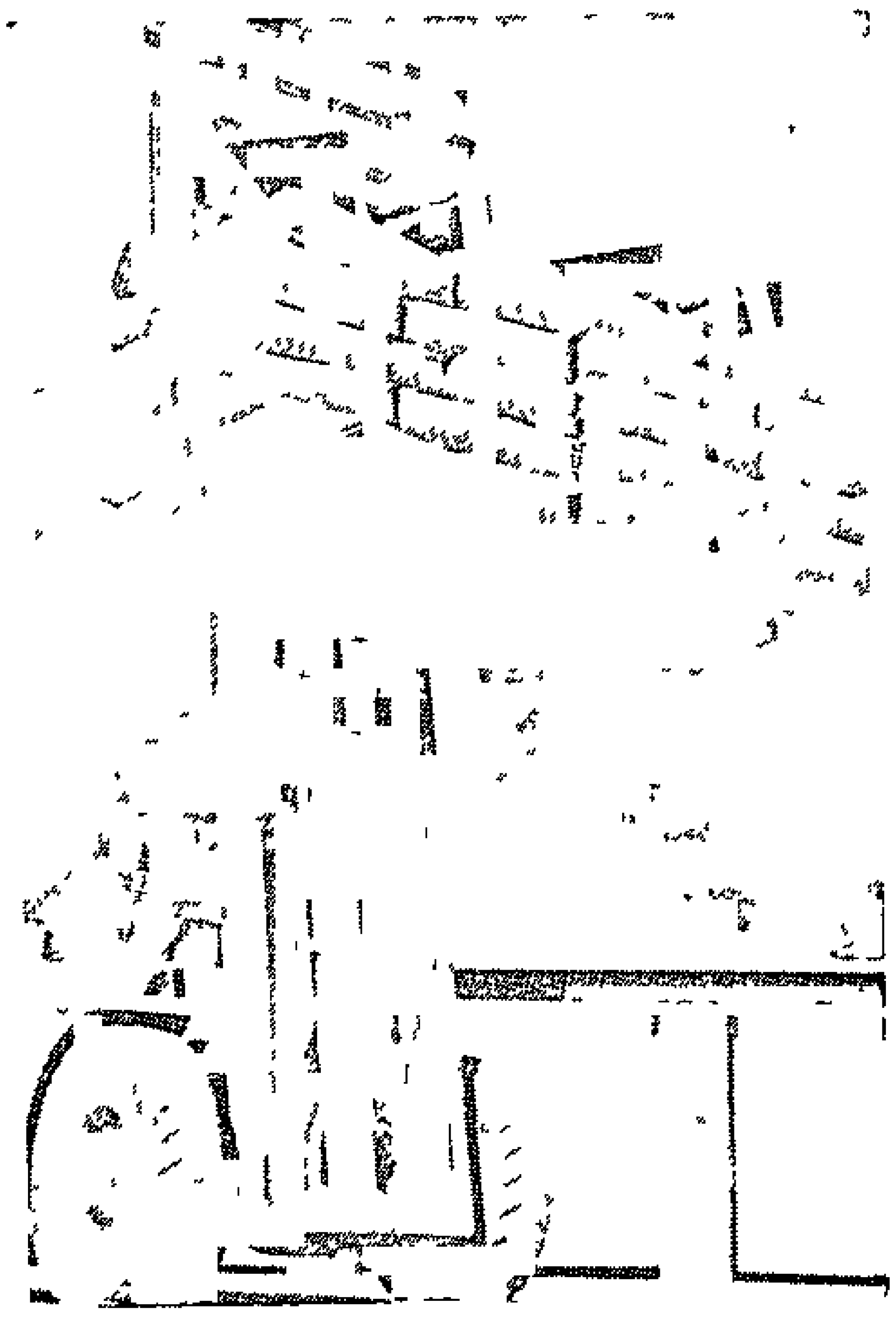
Wimpey Homes' Trevor Chapple puts it this way "We're living from hand to mouth with supplies"

In addition to rationing, the CPA decided this week to import cement The source is likely to be either Europe or the Far East and supplies should reach this country before the builders' holidays

"We will import from overseas rather than let customers and groups of customers do so on an undisciplined basis and at extra cost," says Luyt Imported cement will cost about 50% more and the cement industry will absorb the extra cost so that consumers are not faced with two different prices

Questioned about the tardiness of the decision to import, Luyt says it took time for producers to realise the accelerated demand would continue

The decision could have been taken earlier if the CPA had watched the indicators of



SA cement . . . little left for small users

PICK N KANGAROO

Housewife's friend Raymond Ackerman intends setting up the first hypermarket in Australia Pick n Pay will take its expertise down south and buy a minority stake in an established Australian supermarket operation

Most of the details have been agreed upon, but negotiations have still to be finalised Ackerman, however, anticipates tying up the deal within the next two months

The explanation for Pick n Pay seeking a partner? "We would not enter a foreign market without one Retailers don't transfer easily — one needs local expertise and know-how

"We have cleared the move with exchange control and it is just a question of wrapping up the deal and signing up the site for the first hypermarket

"While Australia is our first choice, we are also looking at the English market" says Ackerman

The major motivation for the move, claims Ackerman, is the need to secure sites for future developments "We are in mass market operations and are running out of suitable sites By 1986 all available local sites will have been taken up It is crucial, therefore, to find new areas for expansion"

P.T.O.

I.A.S. 3, however, interviewees had little regard for I.A.S. 3. The background to this treatise reviewed the expansion of activities through investments in less than a controlling capacity. This is no different in South Africa; ironically, South Africa's biggest conglomerate has challenged the validity of the equity method. A discussion with a representative of the Barlow-Rand Group (10) revealed that the said company were more concerned with its stewardship function to shareholders than significant influence over associates. Their accounting policies refer to associates as companies in which the management responsibility exists. (11). Perhaps this is even more preferable a basis than significant influence as it emphasizes their participation in associates. The said company's representatives could not reveal why the equity method is not used, however, the major proportion of its investments in associated companies fall within the special consideration dealt with in Chapter 4.

2. DICHOTOMY OF BASIS

The recent adoption of the equity method by De Beers Consolidated Mines Limited (12), and Anglo-American Corporation Limited (13) has been on a straight percentage basis. In both cases there is no reference to significant influence at all. An interview with Anglo-American confirmed this.

This kind of apprc ... ssment within a group but does] ... nparisons. It is submitted that ... of substance over form is remov ... l of a judgmental approach tc ... dispels objectivity, but not cc ... of equity

overheating in the economy Fixed investment is still running at an inordinately high level and there are few signs yet of an early easing And, in any event, building activities usually extend at high rates long after a decline in general business activity

But, essentially, the only way to avoid future disruptive shortages like this one, is to open the door to imports and scrap price control The latter discourages forward planning and is inevitably badly administered — as the shortage makes abundantly clear Inappropriate pricing inevitably leads to shortages and queues

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Star 22/9/81 (432) (193)

Lucem brick division's takeover of Cape firm

Lucem Holding's brick division is set for a new expansion.

A specialist Cape producer, Killarney Brickfields, has been taken over by Lucem and the Mmabatho Stone and Brick Company near Mafikeng — in which the group has a half interest — is now into brick production

Killarney is being upgraded and is expected to raise production from the present 1,2-million bricks a month to 1,5-million.

END-OF-YEAR TARGET

The production of the brick plant at Mmabatho Stone is expected to bring on to the market an initial 1,5-million bricks a month

At Lucem's Nigel division, 4-million bricks a month are being produced.

The expansion is in line with Lucem's programme which aims to increase brick production to more than 20-million bricks a month by the end of the year

Bear in mind also that bias of a sort can also enter in many other non-statistical ways.

<u>Sampling Error</u>

In order to determine a confidence interval for the true or population figure we need a measure of sampling error or variance of the sample estimate. This will depend on sample size and method used. We would naturally like this to be as narrow an interval as possible.

Generally statisticians try to find the unbiased estimate with the smallest sampling error (given the available resources) Occasionally a slightly biased (theoretically) estimate will have a much smaller sampling error than an unbiased one, and the decision becomes more complex. In considering any alternative to SRS we should look at these two points (and others).

<u>Probability vs Nonprobability Sampling.</u>

These have also been labelled scientific and nonscientific sampling. Non-probability sampling need not be discussed much.

GLASS MARKET

193

Not bottled up

FM 25/9/81

The beer, wine and soft drink industries are understandably enthusiastic about Nampak's plan to enter the capital-intensive glassware manufacturing industry. The move would break a long-standing SA monopoly.

At present the sole supplier of glass packaging to the beverage industries is Anglovaal subsidiary, Consol. Nampak will be competing in a field which produces 340 000 t/year of glassware packaging worth an estimated R150m.

The unexpectedly high growth rate in beverage consumption over the last year resulted in acute shortages of bottles in certain market segments (*Business* May 22). Yet companies in the liquor and soft drink industries have been loath to complain for fear of antagonising their only supplier.

Stellenbosch Farmers Wineries (SFW) group planning manager Pat Heyns' reaction to Nampak's possible entry into the market is very positive. "It's marvellous." But he points out there is no shortfall on bottle supplies at the moment even though delivery has been tight in some areas.

Consumption of Autumn Harvest 750ml, for example, increased 1 000% this year. The increase was unexpectedly high, resulting in an unrealistically low 12-month packaging forecast.

In a monopolistic situation, says Heyns, the supplier dictates the terms when it comes to quantities, delivery times and stock levels. Competition would mean that the "supplier would take responsibility for stocks. We could order off the shelf rather than plan and order supplies 12 months in advance."

Soft Drink Federation president Hennie Viljoen says there have been critical shortages in various lines following a 14,9% real growth in the industry. However, imports to compensate for the packaging shortfall eliminated supply problems.

Viljoen says he is not prepared to comment "until there's a clear announcement of intent on the part of Nampak. But it is the general view of the industry that it is better to have more than one supplier."

Peter Lloyd, GM of SA Breweries beer division admits there was "a little bit of a problem" with bottle supplies earlier on resulting from an unprecedented 32,3% growth rate in beer consumption for the year to end-February.

At the moment demand is "substantially off," he says. He expects no more than a 15% growth rate this year. Nevertheless "we've always welcomed the idea of another supplier. One would hope for a lower glass price which would mean beer prices would escalate less steeply."

Nampak's Kardol .. in search of a broader base

Nampak chairman Bas Kardol confirms that Nampak, the Barlows listed packaging subsidiary, has investigated the possible diversification into glass packaging for the last two years. A final statement of intent will be issued in mid-October.

Kardol says if Nampak moves into glass packaging, the first step will be a R25m-plus investment in a greenfields factory in the Transvaal. Initially, output is expected to be 40 000 t/year, aimed specifically at the beverage market which absorbs 250 000 t of glass packaging annually, worth R80m. Growth over the last three years rose 15%-20%/year, says Kardol.

He expects the new operation could be on stream "18 months from the date of decision." He believes there is room in the market for a newcomer and notes "Our packaging clients are looking for a second supplier. We would like to service these clients. We don't underestimate the competition."

One of Nampak's reasons for entering glass packaging, says Kardol, is to broaden the base of its operations. It already has the technical know-how agreements with overseas companies. Eight candidates are now being considered, he says.

Kardol does not exclude the possibility of moving into the export market on glass products in future, but stresses that, at present, Nampak would be interested in supplying only local needs.

Consol glass division GM Hennie Roos admits that packaging supplies to certain beverage market segments have been strained this year. However, Consol imported an additional 5 000 t-10 000 t of glass to satisfy local demand.

He points out that Consol depends on accurate projections from customers for their 12-month needs to facilitate production planning. "Over the past 24 months we've experienced very, very significant growth. No one expected such an upsurge in demand."

Consol is expanding capacity to cope. Roos points out that the R4m-R5m moderni-

TRIBAL NEWS

(MA) (BCLM) (MA)

Row is brewing over axed black shop steward

Star 30/9/81

1939

By Drew Forrest

A black trade union is to complain to the British office of a local company, Johnson Tiles in Olifantsfontein, about the alleged victimisation of a shop steward whose dismissal sparked a strike last week

The general secretary of the Cusa-affiliated Building Construction and Allied Workers Union (BCAWU), Mr Frank Mohlala, said the union believed the man had been dismissed because of his union activities

"Mr Tjali had been employed for several years at the company" he said "And yet he was dismissed for poor work performance only two weeks after we approached the company for recognition"

The allegations were denied by the company's managing director, Mr Keith Dixon, who said that the management "was in no way anti-union"

"We don't dismiss a worker lightly here, and Mr Tjali was moved from department to department before the quality of his work compelled us to discharge him," he said

On Tuesday last week, about 350 of the plant's 700 workers staged a one-day stoppage to protest the dismissal A workers' petition demanding Mr Tjali's reinstatement, the dismissal of a foreman and the recognition of the union has since been forwarded to management

Claiming the union has majority support at the plant, Mr Mohlala said he would approach Norcross Ltd, the British parent company, over the dispute

Mr Dixon said management had satisfied itself that there was no just cause for the dismissal of the foreman and that there would be no further discussion on the reinstatement of Mr Tjali

"However, we would consider recognising the union if it proves it is representative," he added.

CULLINAN

193

Steady advance

FM 2/10/81

Activities: *Manufactures and distributes refractory products, industrial porcelain and bricks Also mines non-metallic minerals (mainly for in-group use) and has property interests*

Chairman: *N M Cullinan*

Capital structure: *9,9m ordinaries of 50c, 500 000 5,5% prefs of R2 Market capitalisation R58,4m*

Financial: *Year to June 30 1981 Borrowings long- and medium-term, R25,0m, net short-term, R8,8m Debt equity ratio 81,3% Current ratio 2,1 Group cash flow R18,7m Capital commitments R6m*

Share market: *Price 590c (1980-81 high, 590c, low, 102c, trading volume last quarter, 51 000 shares) Yields *18,5% on earnings, 6,1% on dividend Cover *3,0 PE ratio *5,4*

	'78	'79	'80	'81
Return on cap (%)	16,0	20,6	24,2	26,0
Turnover (Rm)	40,3	54,3	76,3	121,3
Pre-tax profit (Rm)	3,8	7,6	12,0	17,3
Gross margin (%)	14,1	17,1	18,9	17,1
Earnings (c)	38,0	63,8	93,7*	109,6
Dividends (c)	14	21	27	36
Net asset value (c)	225	268	315	412

* Lifo earnings

The bulk of Cullinan's interests are in capital intensive industries and the benefits of several years of heavy capex are clearly reflected in the results

Turnover has increased more than threefold since 1978 and the profit has risen strongly, influenced by increased efficiencies and fuller utilisation of plant

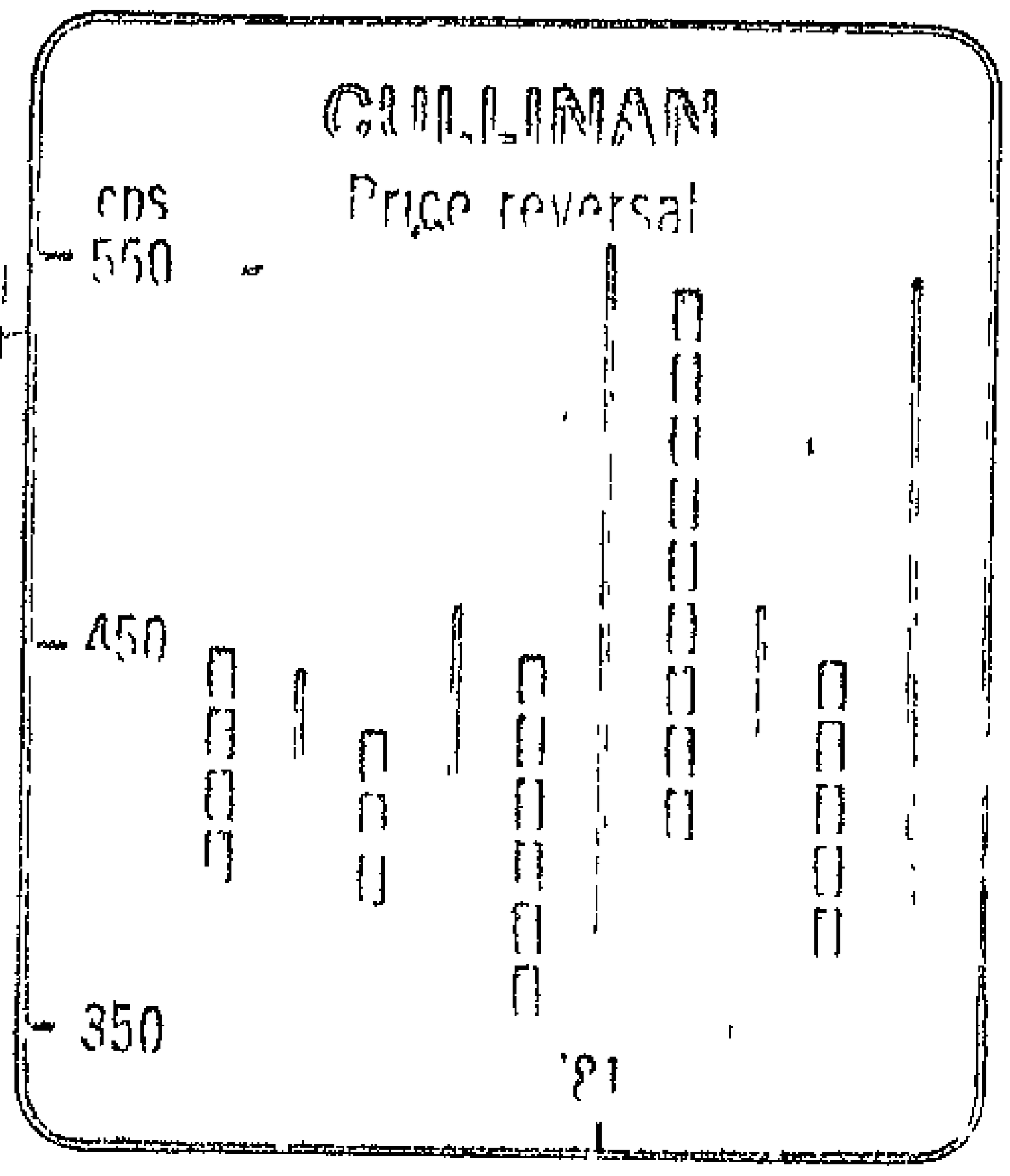
Last year the company was well-placed to take advantage of the increased economic activity Turnover rose 58,9% to R121,3m (R76,3m), while pre-tax profit showed a 44% advance to R17,3m from R12m Chairman Neil Cullinan's prediction that last year's profit growth would be in line with the turnover increase was fulfilled This is probably due to the fact that the major benefits from absorption of excess plant capacity had already been seen in 1980 As a result, gross margin declined from 18,9% to 17,1%

The bottom line reflected a 28,8% improvement in taxed attributable profit from R9,2m to R11,9m Earnings a share, however, have been affected by a change in accounting policies Cullinan says he was concerned about the impact on earnings of the tax benefits arising from investment allowances Instead of including the full allowance in the year of acquisition, the allowance is now spread evenly over the life of the asset Hence earnings in any one year will not be influenced by the level of allowances Cullinan says earnings would have been 143,3c a share had this procedure not been followed

Capex amounted to a record R17 1m, the major portion of which was spent on two new plants in the refractories division In addition, improvements and expansion were undertaken in the electrical and brick divisions With the increased need for funds, total borrowings grew from R24m to R33,9m, pushing debt equity up to 81,3% (74,6%)

That level, however, appears comfortable, particularly in view of the increase in net cash flow from R9,1m to R11,6m and the healthy 2,1 current ratio Also, the additional capital was usefully employed, generating a return of 26% against the previous year's 24,2%

The refractories division increased turnover by 57%, reflecting the favourable economic conditions The directors say, however, that profits did not match the rise in turnover because of continued cost squeezes The drive into export markets was "highly successful" and the directors say this was the prime reason for achieving near-full capacity utilisation of manufacturing plant during the year Management intends to increase its focus on cost control but the directors say further price rises will be necessary during the current year



Electrical equipment [illegible] a major growth field and Cullinan is investigating potential acquisitions [illegible] In line with this policy [illegible] supplies, transmission line [illegible] was acquired in March [illegible] was also appointed the sole SA [illegible] A B Chance products, an American manufacturer of hot line tools and overhead transmission line equipment

The mining division, which experienced certain difficulties with the beneficiation of andalusite in 1979, appears to have fully recovered The directors say production tonnages and contribution to group profit were both at record levels

Cullinan sees the current year as one of "adjustment and consolidation" The directors forecast fifo based earnings of around 135c (121c) a share, which points to a dividend total of 40c That, however, is probably conservative Although growth is likely to be slower this year, an earnings advance of 20% does not seem unreasonable Thus earnings could reach 145c a share and a payout of around 44c should be possible, given an unchanged cover of 3,3 times At 590c, this places the share on a prospective yield of 7,5% The share appears fairly valued

Chris Wilson

CONSOL (193)

Expanding the base

FM 2/10/81

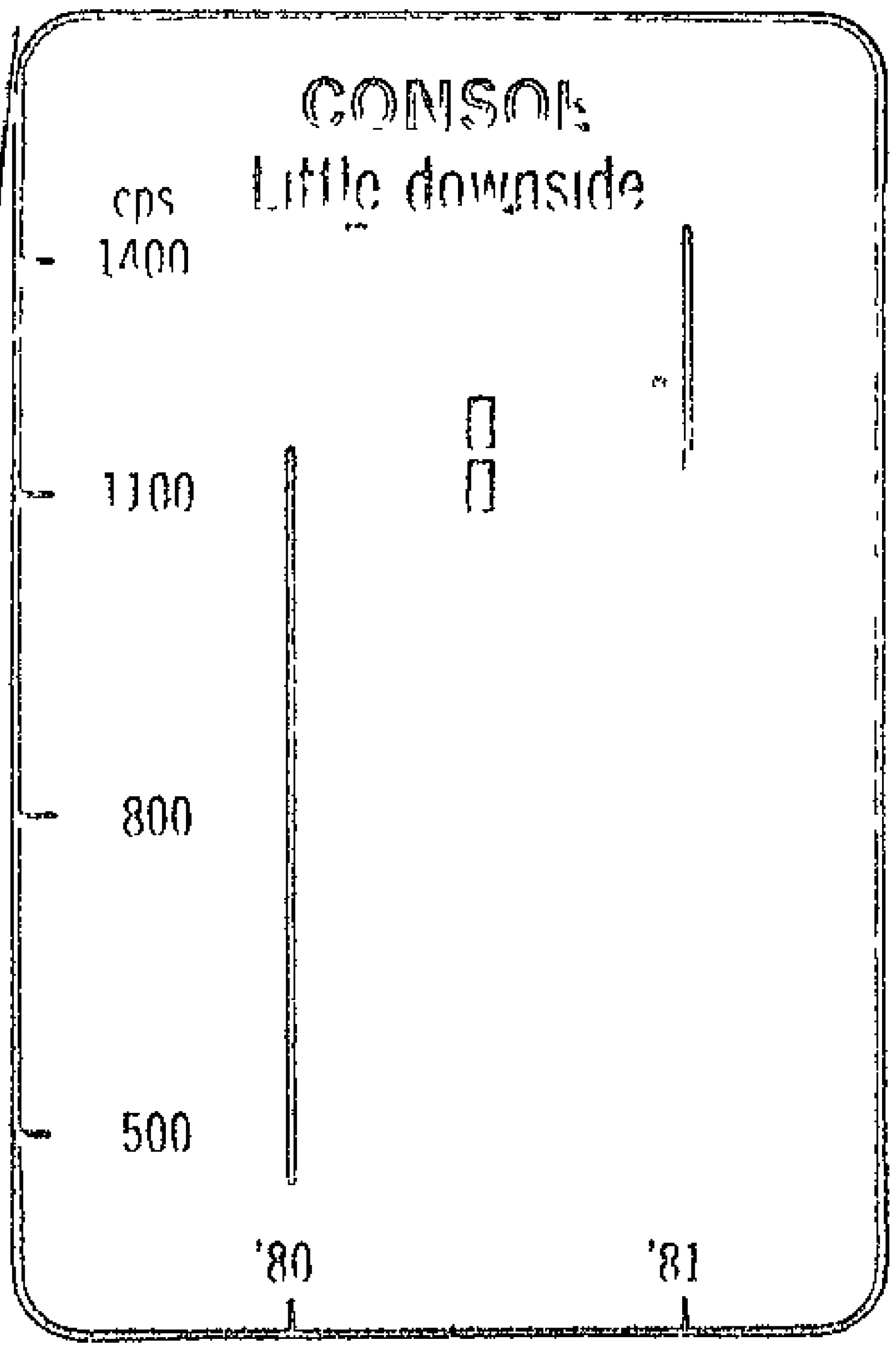
Activities: *Manufactures glass, plastic and corrugated board packaging and glass tableware. Processes industrial silica sands. ATI holds 56% of the equity.*
Chairman: *C S Menell, managing director P J Neethling.*
Capital structure: *6,2m ordinaries of 50c. Market capitalisation R89,9m.*
Financial: *Year to June 30 1981. Borrowings long- and medium-term, R578 000. Net cash R5,7m. Debt equity ratio 3,5%. Current ratio 1,5. Group cash flow R27,6m. Capital commitments R29,8m.*
Share market: *Price 1 450c (1980-81 high, 1 450c, low, 800c; trading volume last quarter, 10 400 shares). Yields 18,8% on earnings, 7,2% on dividend. Cover 2,6. PE ratio 5,3.*

	'78	'79	'80	*'81
Return on cap (%)	24,5	31,9	38,0	41,7
Turnover (Rm)	70,8	86,9	114,3	150,1
Pre-tax profit (Rm)	8,5	12,8	18,3	25,2
Gross margin (%)	13,0	16,1	16,2	16,8
Earnings (c)	95	135	195	272
Dividends (c)	27	40	75	105
Net asset value (c)	396	494	595	764

* Lifo basis of accounting

If there is any apprehension at Consol over possible competition in the glass container market from Nampak, it certainly does not show in current expansion plans.

After operating at full capacity in this division during the year to end-June, and still not being able to completely satisfy demand (reflected in imports of soft-drink bottles), the group will spend R36m on the first phase of a new glass factory at Clayville. This facility, says chairman Clive Menell, is due to come on stream during 1982. In the meantime the group will have to rely for additional capacity on last year's programme to enlarge certain existing facilities.



Not that expansion is confined to the glass division. In plastics, new lines are constantly being introduced, necessitating the installation of new equipment, and there is no reason to suppose that this pattern will change. Last year, for example, Consol entered the flexible packaging field, but as this development came late in the year, full benefits will only be reflected in the current year.

In the glass tableware sector increased volumes have made expansion of warehouse facilities necessary, while in the corrugated board division more efficient and productive equipment is being installed to improve the viability of this operation.

With the exception of the glass factory, amounts to be spent are not quantified. But it can nevertheless be expected that the existing (depreciated) fixed asset base of R40m will double over the next couple of years.

An interesting aspect of last year's results was that growth rate and profitability trends were well maintained despite a change to lifo accounting. This move reduced pre-tax profits by R1,8m ( ) and net profit by R1,1m (6%). Pre-tax profit growth was nevertheless 33% against 43% in 1980, while earnings a share were up 39% (44%). And there were further healthy up-ticks in both the gross margin on sales and the gross return on capital employed.

As for the current year, Menell expects strong growth to be maintained during the first half. But packaging is an industry which responds quickly to changes in the economic climate and a marked slow down is forecast for the second six months. However, while overall growth this year will undoubtedly be slower than the 47% average achieved over the past three years, shareholders should nevertheless be able to look to a useful increase in the annual dividend.

With the distorting influence of lifo out of the way, 20% might not be too much to expect, in which case the share would be on a prospective yield of nearly 9,5%.

Brian Thompson

Strikes still hit Natal, East Cape

Argus 6/10/81

Argus Correspondent

JOHANNESBURG — Thousands of workers continued to strike today in Natal and the Eastern Cape and firms on the East Rand took on workers after dismissals of about 2 000 yesterday.

A weeklong strike by more than 2 000 sugar workers at four of Huletts' five plants in Natal showed no signs of abating.

Plants at Amatikulu, Darnall, Mount Edgecombe and Felixton were shut as management considered recommendations by the Industrial Council sub-committee on a controversial pension fund scheme.

Amid growing frustration and impatience on both sides, the Chamber of Commerce has advocated a delay of at least three years in implementation of draft proposals in the pension scheme.

DOWNED TOOLS

About 200 workers of the SA Bottling Company in Port Elizabeth downed tools today.

They said the company had appointed coloured workers in the place of four blacks dismissed last week during a dispute which led to a work stoppage.

The dispute was about wages and working conditions.

About 600 black and coloured workers at Car Distributors Assembly in East London ignored a union call for a full return to work today, a CDA spokesman said.

WILDCAT

The plant, which employs 3 300, has been hit by wildcat strikes since last week.

The strike by 800 at Johnson Tiles in Olifantsfontein, near Pretoria, continued over a dispute involving worker dismissals.

At the Telephone Manufacturers of South Africa (Temsa) plant in Springs, about 1 000 workers were told they had 'dismissed themselves' by not reporting to work.

Only 140 workers met the deadline and the company today began taking on a new work force.

TRIOMF

Yesterday about 500 workers at Triomf's fertiliser factory in Kempton Park were dismissed after refusing to meet back-to-work deadlines, and the firm was taking on new workers.

SA 6/10/81

Car plant halted by new strike

192 152 139 1402 182 139 180 300 193 193

Labour Reporter

The big CDA car plant in East London was hit today by yet another wildcat strike which saw close to 3 000 workers downing tools

Production was at a standstill Today's strike was one of a number which started over disputes with management over worker dismissals

The 414 hourly-paid workers at the commercial vehicles plant were told they had been dismissed, and 971 other hourly-paid workers were warned to return to duty tomorrow or face dismissal

Another 1 100 workers at the passenger plant were told to return by Thursday or face dismissal

The strike scene also spread to Port Elizabeth today where about 200 workers at the SA Bottling Company plant went out on strike over the issue of dismissals

Management would not comment on the unrest which reportedly involved the Macwusa-linked General Workers Union of South Africa

At Boksburg Foundry about 200 workers were still on strike today and have been warned by management to return by the end of the day or be paid off

At the four Huletts sugar mills in Natal about 2 000 workers were still on strike over pension grievances

The Telephone Manufacturers of South Africa (Temsa) plant in Springs was taking on a new workforce following yesterday's dismissal of about 1 000 workers for joining in last week's sympathy strike. Only 140 workers were retained from the original workforce

The strike at Johnson Tiles at Olifantsfontein also continued today over the issue of worker dismissals At Triomf's Chloorkop fertiliser plant at Kempton Park about 500 contract workers were dismissed yesterday after refusing to meet management's return-to-work deadline

The Triomf dispute centred around wage demands

Nearly 7 000 stop work as strikes increase

CT 6/10/81

193

Own Correspondent

JOHANNESBURG — Nearly 7 000 workers were on strike yesterday as the wave of stoppages which hit industry last week continued and in some cases, escalated.

A strike at three Huletts mills in Natal spread to a fourth mill and, about 2 000 workers are now on strike according to the company.

At Springs' biggest non mining employer, Telephone Manufacturers of SA, only 140 of the 1 600 strikers returned yesterday and the rest have been fired.

An Olifantsfontein firm, Johnson Tiles, which employs more than 800 workers, was hit by its second strike in a fortnight yesterday according to union sources, and Triomf Fertilizers fired its entire black workforce of 500 after they ignored a management appeal to return to work.

Workers for CDA in East London, the manufacturers of Mercedes Benz, returned in response to a union call but new unrest flared later in the day and between 1 500 and 1 800 workers joined a new strike.

At Huletts, the strike at three mills spread to the Felixston mill and only one is now unaffected. The strikes have been sparked by proposed legislation to "freeze" employee pension fund contributions until retirement.

Talks hope

A company spokesman said hopes for a settlement were pinned on talks at the industry's industrial council between managements and the National Union of Sugar Manufacturing and Refining Employees.

At TMSA, which closed its plant on Friday after a strike by about 1 600 black workers over the sacking of three workers a management statement said about 1 500 workers had been fired after they failed to return. Workers who returned this morning would be considered for re-employment.

A spokesman for Fosatu's Metal and Allied Workers Union said the company had refused a union request to negotiate on the dispute and that workers were refusing to return until the three were reinstated.

'They still regard themselves as company employees and they want Mawu to negotiate on their behalf' he added.

Management confirmed it refused to negotiate with Mawu. 'As these people had already been dismissed for not working they were no longer employees and had no interest in the matter' the spokesman said.

'Anti-union'

At Johnson Tiles the general secretary of the Building, Construction and Allied Workers Union, Mr Frank Mohlala, said workers had downed tools "because they were angered by consistent dismissals of unions representatives."

Some management men had adopted a consistently anti-union attitude, threatening union members and sacking worker representatives.'

At Triomf's Chloorkop plant, where workers have been on strike since Friday, a company statement said worker representatives were told yesterday morning that management would discuss their grievances if workers returned by 1 o clock.

The company had made transport available for the 500 workers but they did not react and were discharged".

Dispatches to farmers had been resumed with the assistance of 'more than 100 white schoolboys' and co-operatives and farmers had also offered help.

2 900 back as EL firm reverses its decision

Star 7/10/81

193

By Tony Davis
Labour Reporter

Countrywide strikes today appeared to be abating as nearly 2 900 strikers returned to work at the large CDA motor plant in East London and disputes elsewhere were resolved

Management at CDA reversed its decision to dismiss 414 hourly-paid workers and its back-to-work deadlines and this morning most workers were back.

Talks between CDA and the Fosatu-affiliated National Union of Motor Assembly and Rubber Workers were being held to resolve the dispute which arose after several workers were dismissed last week

Officials in the Huletts group, whose four Natal sugar mills are closed by 2 000 workers striking over pension grievances, were hopeful that the dispute would be resolved this week

There were brief flare-up at two Boksburg firms yesterday — Stamcor and L F Metter — involving wages and staff dismissals

At Stamcor a work stoppage over pay demands was settled and management said there had been no dismissals over the issue.

At the metal firm about 150 workers were involved in a brief strike which was resolved when management reinstated a dismissed worker.

About 160 workers at the Boksburg Foundry returned to work today after a dispute over the promotion of a shop steward The worker was allegedly assaulted by four others as a result of his promotion, according to sources.

The four were subsequently dismissed.

At Telephone Manufacturers of SA in Springs and at Triomf's Chloorkop fertiliser plant, managements continued to take on new workers following the dismissal of about 2 000 employees at both firms this week.

There was also a brief stoppage at the Johannesburg manufacturing firm of Bowthorpe-Hellermann-Deutsch this morning over the issue of pay increases. Management said the issue had been resolved.

About 200 workers were involved in a dispute over dismissals at the SA Bottling Company plant in Port Elizabeth yesterday.

And at Johnson Tiles in Olifantsfontein several hundred workers were dismissed after striking over "victimisation" of union members.

Plant at standstill as 2 600 go on strike

RDM 7 10 81

193

MERCEDES Benz manufacturer CDA's East London plant was brought to a virtual standstill yesterday by its third strike in less than a week and management threatened to sack the 2 600 workers if they did not return.

Two new strikes were reported on the East Rand and the strike by 2 000 workers in protest at the Government's proposed pension Bill, which has closed four Huletts sugar mills, continued as labour unrest hit three provinces

By STEVEN FRIEDMAN

Johnson Tiles in Olifantsfontein fired nearly 300 workers as a strike at the plant continued and Triomf's Chloorkop fertiliser plant where 500 strikers were fired on Monday was still relying on schoolboys to help keep deliveries running and unionists claimed workers were being forced to collect their pay

Springs's biggest non-mining employer Telephone Manufacturers of SA which fired 1 500 strikers on Monday yesterday reported only 50 applications for re-employment

A new strike was reported yesterday at Boksburg North electrical company Stone-Stamcor where about 40 workers downed tools in support of pay demands

And a representative of the Federation of South African Trade Unions said the company's management was refusing to negotiate with Fosatu

A company spokesman confirmed the strike but refused to comment further

And worker sources reported a strike by about 150 at another Boksburg metal factory L and F Metter, in protest against dismissals

A company spokesman said the strike had lasted only two hours' and had been settled Not all 150 workers were involved, he said

At CDA the plant came to a virtual standstill again as workers who had returned to work yesterday morning in response to a call by Fosatu's National Union of Motor Assembly and Rubber Workers, walked out again before lunchtime

A company statement said workers who did not report today would be replaced by others tomorrow Recruitment of new workers to replace those who did not return would begin on Thursday morning it said

NUMARW's general secretary Mr Fred Sauls said that the union had advised workers to return because only two of the five dismissals which sparked the strikes had not been resolved

'But management has said they will not investigate cases which the police are also investigating and workers are demanding that the fired workers be reinstated before they resume work

We believe this has nothing to do with it and we call on management to process the dismissals and thus end the dispute '

A company spokesman said that one of the cases was no longer under police investigation and could now be resolved and that CDA had asked police to speed up the other But we cannot pre-empt a police investigation", he said

At Huletts, the National Union of Sugar Refining and Manufacturing Employees was due to report back to workers today on attempts to resolve the dispute at the industry's industrial council

At Triomf a spokesman for the Council of Unions of South Africa's (Cusa) SA Chemical Workers Union, which claims majority membership at the plant alleged that company officials were forcibly bussing workers to the plant and making them collect their pay'

"They will then presumably be sent back to the homelands," he said

Recruiting

A company spokesman said Triomf was recruiting new labour, but that it was still relying on white schoolboys to help it load fertiliser and expected to do so until the end of the week

At TMSA a company spokesman said 200 of the company's 1 600 black workers were back and that 60 had asked for re-employment Despite the sackings it is understood that management is hoping that strikers would seek re-employment

A Fosatu spokesman said workers were still refusing to return until their demand that three sacked colleagues be reinstated was met

At Johnson Tiles, where workers struck in protest at dismissals which they saw as "victimisation" of shop stewards of Cusa's Building, Construction and Allied Workers Union, the strike entered its second day yesterday

Union general-secretary Mr Frank Mohlala said all the nearly 800 black workers were involved and that they were refusing to return until their demands were met that a union shop-steward be reinstated and that two foreman accused of being hostile to the union be sacked

The company's managing director Mr Keith Dixon said, however, that only about 300 workers were involved and that they had been fired

He denied union allegations that its members were victimised 'Only one man has been dismissed — for reasons unconnected with union work We are not an anti-union and will deal with any reasonably representative union he said

While supervisors may have made anti-union statements, these were not company policy, Mr Dixon said

Back to work for some but more unrest erupts

CT 8/10/81 ~~192~~ ~~1404~~ ~~189~~ 193 ~~31~~

152 ~~300~~ 186 139

Own Correspondent

JOHANNESBURG — The current wave of labour unrest which has hit several centres seemed on the wane yesterday as thousands of workers involved in major strikes returned to work or were expected to return either last night or this morning

However, unrest broke out at another East London plant yesterday and employer sources were apprehensive that it could spread further

Some 2 600 workers returned to work at CDA, the Mercedes Benz manufacturing plant in East London, and it was hoped that 2 000 striking workers at four Huletts sugar mills in Natal would also return

But workers at an Epol plant in East London went on strike yesterday following a demand that their pension contributions be paid out to them

A spokesman for Huletts said yesterday 2 000 workers at its four Natal sugar mills were still on strike in protest against the government's proposed pensions legislation But proposals decided on at a meeting of a sub committee of the Industrial Council for the sugar industry earlier this week were being communicated to them

He said the company had agreed temporarily to suspend worker pension contributions while the issue was being investigated further by the industrial council

Meanwhile, a short stoppage occurred at the Huletts refinery in Rossburgh while worker representatives discussed the pensions issue with management All 1 100 workers downed tools but returned to work later, the spokesman said

At CDA, normal production continued throughout the day after a series of strikes over the past week

A joint union-management committee had completed its investigation into three of the five disputes about disciplinary actions taken before the strikes broke out

In a fourth case, the worker concerned had failed to appear and the fifth was subject to a police investigation following the filing of assault charges

A spokesman for Telephone Manufacturers of SA in Springs, which fired 1 600 strikers on Monday, said yesterday about 250 workers had returned

"Several hundred" prospective new employees had come to the plant and were being interviewed

He said the company would take back all 1 400 strikers but not 200 workers who were fired after ignoring an ultimatum to return to work last week

A union spokesman said yesterday nearly 400 workers at Johnson Tiles in Olifantsfontein who were fired after striking were prepared to return to work — provided a union shop steward whose dismissal sparked off the strike, was reinstated

He claimed the entire work force of nearly 400 had been dismissed and fewer than 20 workers had returned

Mrs Emma Mashinini, secretary of the Commercial, Catering and Allied Workers' Union said yesterday about 150 workers at three Game Stores in Durban who went on strike last week had still not returned

Corobrik steps up production by 60%

RDM 9/10/81 (193)

TO HELP beat the Transvaal brick shortage — and keep abreast of demand — Corobrik has boosted its output by 60% in the past three years to an annual 762-million bricks

The Transvaal's major brick producer hopes to increase this to 802-million bricks a year by the end of 1982

"We are expanding production as fast as we can to meet the dramatic rise in demand," says Mr Errol Rutherford, managing director of Corobrik Transvaal

"In a few weeks' time the first phase of our Lawley 2 factory will be completed It will produce 70-million bricks annually when in full production in early 1982

"Our Sasolburg plant is also due to open this month, producing 36-million cement plaster bricks annually"

Immediately after its merger with Brickor in 1978, Corobrik Transvaal was producing 470-million bricks annually Since then output has increased by more than 70-million a year through the modernisation of factories at Roodepoort, Springs, Brakpan and Befordview and the conversion of the Henley pipe factory into a brick producer

To give its customers a fair share of the bricks available, Corobrik has streamlined its order system so that a builder who plans and orders well in advance is guaranteed delivery

Corobrik has also started retailing through 'brick centres" in Bedfordview, Soweto, Springs and Pretoria A Roodepoort centre will open soon At these centres, the public can buy tp to 3 000 bricks on a cash-and-carry basis

"These brick centres are popular as they enable the home builder to get bricks for improvements and extensions," says the marketing manager, Mr Ray Andrews

"Because of their popularity we hope to open more centres We have plans for Witbank, Ermelo, Pietersburg and the Vaal Triangle"

CT 9/10/81

Wave of strikes subsides

186 ~~189~~ ~~200~~ 193 ~~143~~ ~~61~~ 182

Own Correspondent

JOHANNESBURG — The strike wave which has hit several parts of the country subsided yesterday as 2 000 workers at four Huletts sugar mills in Natal and 283 workers at Epol in East London returned to work.

But disputes arising out of the dismissal of striking workers are continuing at several plants.

Workers fired by Johnson Tiles, a British multi-national company, at Vereeniging have accused the firm of sending police and East Rand Administration Board officials to arrest them at their hostel in Tembisa on Wednesday night.

A spokesman for Huletts said all 2 000 workers who had been on strike at four Natal sugar mills in protest against the government's pension legislation had returned to work.

This firm agreed to suspend their pension contributions pending further negotiations.

Mr A Hambly, operations director of Epol, said 283 black workers who had gone on strike at its East London plant in support of a demand that their pension contributions be paid out had agreed to return to work.

This came after negotiations with elected worker representatives and officials of the African Food and Canning Workers Union.

The spokesman said the firm had agreed that the contributions could be paid out if the workers still wanted this in a week's time.

Workers would have to resign and would be re-employed, which meant that they would forfeit their service benefits — but the company was investigating ways whereby their benefits would be preserved.

The dispute between the Building, Construction and Allied Workers' Union and Johnson Tiles took a new turn when workers accused the company of sending police and Erab officials to their hostel to arrest them.

The workers were among those fired on Monday after striking over the dismissal of a shop steward whom they say has been victimized.

They claimed the policemen and board officials said the company had sent them. The hostel superintendent then produced a list of people the company did not want back and these men were told to get into police vans. They were released after other workers demanded to be arrested with them, they said.

They were told to report to the factory yesterday to be paid off, but decided at a later meeting not to go. They said workers were demanding unconditional reinstatement for themselves as well as the shop steward.

A police spokesman confirmed that policemen had gone to the hostel to assist Erab officials in a "general search" of the workers but no attempt had been made to arrest anyone.

A union spokesman said yesterday the firm had rejected a request for a meeting. He added the union would inform the British Trade Union Council of the dispute.

RDM 9/10/87

Taiwanese cement to land soon

(193)

Mail Reporter

A TOTAL of 30 000 tons of cement would be imported from Taiwan this year to supplement and alleviate the current shortage, the general manager of the Cement Marketing Organisation (CMO), Mr Hartley van Schalkwyk, said on Wednesday

The first 15 000 tons shipment left Taiwan on Tuesday and would be arriving in Durban at the end of the month. And a further 15 000 tons would be arriving a fortnight later, Mr Van Schalkwyk said

He said the "enormous" growth-rate in the building and construction industries had necessitated the import

Although the costs involved in importing the cement are high, the price would not exceed the present controlled price, Mr Van Schalkwyk said

The losses suffered would be absorbed by the CMO and the cement producing companies

No further imports would be considered this year However there could be further imports next year depending on demand, he said

Strikes at East London firms settled

RDM 9/10/81

193

EAST LONDON — Managements at both Epol and TFM expressed confidence yesterday that their strike-hit factories would resume production today

Both factories were hit by strikes on Wednesday and were not working yesterday

At the Epol factory, where about 150 workers downed tools in demand of the return of their pension fund contributions, it was agreed to resume work today

The branch manager of the factory, Mr R Kreusch, said that following talks between the management and the African Food and Canning Workers Union (AFCWU) yesterday it was agreed to end the strike

"I think the workers were concerned about their pension fund being transferred automatically to another company if they leave us"

At the TFM motor component factory, where the entire workforce of 55 went on strike over the dismissal of seven workers on Wednesday morning, work is also expected to return to normal today

The managing director of the factory, Mr R Alford, said most of the workers had returned for work yesterday

Mr Alford said on Wednesday that those who had walked out had dismissed themselves, but that he would re-employ those who wanted to return to work

"Almost all the workers came back today and after discussions it was decided there would be no work today and they could come back tomorrow to start work," Mr Alford said

Meanwhile, there was a full workforce turnout at Car Distributors Assembly (CDA) yesterday with all sections of the plant working normally

A spokesman for the company said the only absenteeism from the factory was "the normal dozen or so off work that one can expect in a factory that employs close on 3 000 workers"

Meanwhile, a spokesman for Huletts said all 2 000 workers who had been on strike at four Natal sugar mills in protest against the government's pension legislation had returned to work

This came after the firm had agreed to suspend their pension contributions pending further negotiations over the issue

On the Reef, the dispute between the Building, Construction and Allied Workers' Union and Johnson Tiles, a British multinational, took a new turn when several workers accused the company of sending police, and administration board officials to their hostel to arrest them on Tuesday night

The workers were among those fired on Monday after striking over the dismissal of a union shop steward whom they believe has been victimised

A police spokesman yesterday confirmed that policemen had gone to the hostel to assist board officials in a "general search" of the Johnson workers, but said no attempt had been made to arrest anyone — DDR

Star 14/10/81

A slow return to work

193

Labour Reporter

Workers are slowly returning to the Natal Tanning Extract Company in Melmoth where about 800 workers went on strike yesterday. But most strikers were still out.

The company's managing director, Mr Bill Zeller, said issues about working conditions had been "ironed out," but excessive wage demands were unacceptable.

About 100 drivers at the Motorvia car components firm in Uitenhage continued their strike today over pay and union recognition. A meeting with management is expected today.

At the Johnson Tiles factory at Olifantsfontein, where hundreds were dismissed after a strike, workers queued for jobs today.

GENERAL NEWS

Star 15/10/81

Striking workers arrested in East Cape

Labour Reporter

Production stopped yesterday morning at Huletts Aluminium plant in Maritzburg when about 200 early-shift workers downed tools

The workers, who were demanding that management pay them out their pension contributions, stayed on the premises

Officials of the Fosatu-affiliated Metal and Allied Workers' Union went to the factory to discuss the dispute with the workers

Huletts Aluminium was also hit by a work stoppage over pensions on Monday and 80 workers resigned to receive their contributions. Later they were joined by another 130 workers

Four Huletts sugar mills in Natal as well as Huletts Refinery near Durban, were hit by pension unrest earlier this month

About 800 workers at Natal Tanning in Melmoth started returning to work yesterday after striking last Friday over wage demands. Several were charged by police and later fined for conducting an illegal meeting

In the Motorvia dispute at Uitenhage officials of the Fosatu-affiliated Transport and General Workers' Union talked to about 100 drivers about their grievances

And, yesterday, in Port Elizabeth at least 18 workers were detained by Security Police, apparently for "intimidating" other workers

Police confirmed the arrest of Mr Themba Duze, an organiser of the Motor Assembly Components Workers' Union in connection with recent strikes at two Post Office branches and the SA Bottling Company

A strike by about 300 workers at Imperial Cold Storage, Addo, over wage demands was also reported yesterday

At Johnson Tiles, in Olifantsfontein, former workers started streaming back to the plant on Tuesday afternoon to re-apply for their old jobs after a strike on October 5 over union recognition

A company spokesman said many of the 260 workers were taken on again but some were not because vacancies had already been filled by newly recruited labour

Mr J Joubert, Personnel manager at Johnson Tiles, said the firm was not anti-union but would deal only with unions that were representative of the work force.

Unions appeal for foreign aid over disputes

RDM 5/10/81

TWO local black unions have sought the help of powerful overseas labour organisations in an attempt to resolve disputes arising out of recent strikes on the Witwatersrand

Labour Correspondent

The Building, Construction and Allied Workers' Union has appealed to the British Trade Union Council to approach the British parent company of Johnson Tiles at Olifantsfontein, where workers were fired after a recent strike

A union spokesman said this week the TUC had secured an agreement from Johnson Tiles' parent company that workers would be reinstated and that the firm will meet the union

However, he claimed local management wanted to re-employ selected workers only — which the British unions "totally rejected" He also claimed the firm had told fired contract workers to vacate their hostel in Tembisa township by Monday afternoon

Company spokesmen could not be reached for comment

Meanwhile, the Metal and Allied Workers' Union has called on the International Metalworkers' Federation to intervene in its dispute with Telephone Manufacturers of SA (TMSA) in Springs

TMSA is a subsidiary of General Electric Company and the union has asked the IMF to approach GEC in an attempt to bring the local management to the bargaining table

The union wants to meet the company to discuss the re-instatement of workers fired after the entire black work-force of 1 600 went on strike recently

Up to now, TMSA has refused to meet the union

Nine people appeared in the Kwa-Thema Magistrates' Court on Monday on charges of assault following the unrest They were released on bail, paid by the union, and the case was postponed to next Monday

A spokesman for TMSA said yesterday almost 1 000 of the 1 600 dismissed workers had been re-employed, and about 100 new workers had been taken on

EVERITE FM 16/10/81

A good hedge

(193)

Activities· *Manufactures and supplies fibre-reinforced cement, pitch-fibre and plastic products for the building and construction industries The Swiss Eternit group owns 39% and total foreign shareholding is 55%*
Chairman: *H Thoeni*
Capital structure: *16,4m ordinaries of R1 Market capitalisation R102m*
Financial *Year to June 30 1981 Borrowings long- and medium-term, R36 000, net short-term, R4,8m Debt equity ratio 5,8% Current ratio 1,9 Net cash flow R15,6m Capital commitments R16,2m*
Share market *Price 620c (1980-81 high, 625c, low, 290c, trading volume last quarter, 56 000 shares) Yields 14,7% on earnings, 8,1% on dividend Cover 1,8 PE ratio 6,8*

	'78	'79	80	'81
Return on cap (%)	13 2	14 2	19 4	28 6
Turnover (Rm)	64 5	80 4	105 1	'42 4
Pre-tax profit (Rm)	8 8	10 5	18 0	28 1
Gross margin (%)	13 4	15 4	18 4	20 2
Earnings (c)	28 5	32 7	63 6	91 4
Dividends (c)	15	16 5	28	50
Net asset value (c)	405	433	547	576

With sales of over R142m, Everite found itself operating at full capacity last year The effect of this on unit costs, combined with benefits from rationalisation and consolidation of operations, saw operating profit almost doubled to R30,5m

Market expectations were for a significant profit increase last year, but the strength of divisional performances and the extent of internal efficiencies was a little greater than anticipated It is partly for this reason that the share price is so close to the year's high

Last year was a strong one for Everite in most of its market areas — the building industry being the most notable — though chairman Hans Thoeni says the economic growth rate during the year was obviously not sustainable "and it is a pity that the authorities allowed this situation to develop"

It is obviously far better for a company like Everite to be able to rely on steady State spending rather than the spurts to which the industry has become accustomed Thus it is probably as much by accident as design that Everite was able to squeeze unusual marginal efficiencies out of the situation Most plants were operating at either full or more than full capacity, but Everite's strong emphasis on plant systems and cost control ensured that over-runs were not beyond unit sale costs

Though the group is under-borrowed, the capex commitment has been kept within cash flow, but is still sufficient to boost capacity considerably for the next upturn And though the company expects a slowdown in growth in most of its market areas, the extra capacity should be utilised to a large extent and the directors have forecast "slightly increased profits"

Everite's net profit has been stripped, as much as possible, of all the effects of inflation Firstly, depreciation is charged on replacement costs and the lifo method of stock valuation has been adopted The lifo adjustment reduced pre-tax profit by R2,8m and the tax liability by R1,2m

Satisfied that the final earnings figure is thus as clean as possible, the directors state that the new dividend policy will be to maintain cover at about 1,8 times The growth potential of Everite's major profit areas is not as high over the next five years as has already been experienced, so it is unlikely that dividends will more than treble in the next three years — as they did in the past three

Over 60% of gross income derives from the fibre-reinforced cement division and though new markets and greater market share will help keep profit growth up, the traditional mass housing market is likely to continue moving sideways over the next two years at least

The concrete and pitch-fibre divisions, which together contributed less than 15% to profit last year, can be expected to perform relatively better than the others Plastics are expected to come under price pressure

The outlook for growth in all the divisions is not as exciting as it has been over the past three years, but the long-term prospects remain just as strong Everite is an aggressive marketing operation with the ability to anticipate market needs and replace mature product lines

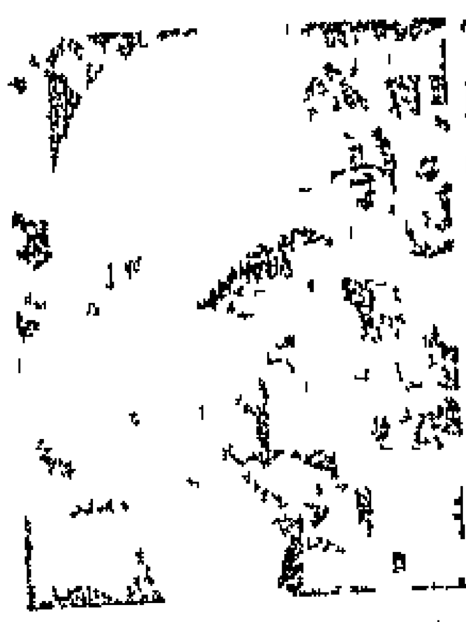
From a financial and a marketing point of view, the company is sound and well placed. But the shares are hard to come by and for that reason the yields on Everite are likely to provide some buffer against any market weakness this year *Ian Muil*

193

FM 16/10/81

GRENFEL GRIFFITHS

Concrete building plans



The brick shortage has focused attention on the need for alternative building materials. Grenfel Griffiths, manager of Grinaker's new masonry division, spoke to the *FM* about concrete masonry

***FM* Can concrete masonry effectively be substituted for clay bricks to ease the present shortage?**

Griffiths Yes. In the US, 80% of vertical walling consists of concrete masonry. Timber accounts for more than 10% of total needs, clay bricks for less. Development of concrete masonry started in the Thirties.

Unfortunately, the product has been misused and abused in SA. It carries the stigma of being suitable mainly in mass low-cost housing developments.

What advantages does concrete masonry have over conventional clay bricks?

One modular concrete block is the equivalent of 8,4 standard bricks, making unit costs substantially lower. Concrete masonry comes in any colour and any shape. Made to SABS specification, concrete blocks have minimal shrinkage, don't crack and are waterproof.

Less than 10% of all clay bricks produced in SA carry the SABS stamp. Concrete masonry costs considerably less than clay bricks. High energy requirements — six times that of concrete — push up clay brick production costs. New plant, with a capacity of 60m-70m clay bricks a year, costs R10m. The equivalent plant for concrete masonry costs R2m or less.

How can the cement industry, severely strained in terms of capacity and already rationed, cope with additional demand?

Developing the concrete masonry industry will mean enormous progress and a boost for the cement industry. The expected volume growth in cement production is 15% over the next few years with the concrete masonry industry contributing substantially. To ease the present shortage, the cement producers are importing two 150 000 t shiploads.

We do not foresee long-term supply problems. Cement demand has been cyclical in the past and we expect demand is already levelling off. Being assured of continued demand from the concrete masonry industry, cement producers are more likely to invest to increase capacity.

What percentage of building needs are met by concrete masonry at present and how will this develop over the short term?

The Stellenbosch Bureau for Economic Research expects a 4,2% real continual growth in SA's brick needs. At present, the brick industry produces roughly six billion bricks a year worth an estimated R300m annually. We believe concrete masonry's present 12%-13% share of the PWV market will grow to 20% nationally in the short term.

Is the present skills shortage likely to act as a constraint in training "blockies" to employ in the concrete masonry building industry?

Bifsa has developed a training school for "blockies" and several major contractors like LTA, Murray & Roberts, and S M Goldstein have developed their own in-house training schools. A competent blocklayer can be trained in four weeks.

What time savings can be achieved with the use of concrete blocks?

Bricklaying time could be reduced by 50%. Concrete masonry was used at Mitchell's Plain. On average 300 modular blocks were laid every day, the equivalent of 2 500 bricks. When using clay bricks bricklayers are lucky to average 500 a day.

What cost savings could be achieved on building using concrete masonry modules?

A more efficient use of labour and reduced cost of materials could achieve a saving of at least 10%. For example, mortar requirements are reduced by roughly 60%. It's not necessary to plaster walls built of concrete masonry.

What is stopping concrete masonry from being accepted as a preferred material?

In the past concrete blocks were often not built to SABS specification. Ash was used which meant the units were not waterproof. The wrong product coupled with wrong technology gave concrete masonry a bad name.

Are present production facilities adequate to supply demand?

The industry is gearing itself. Four major manufacturers including Grinakers, Stocks and Concor are establishing new plant at Halfway House due to come on stream by mid-1982. This will triple capacity to about 200m blocks a year.

Already clay brick manufacturers like Corobrik are expanding production facilities for concrete masonry. Producers are aware of future needs and are programming themselves to satisfy the expected strong growth in demand.

What role do you expect concrete masonry to play in fulfilling SA's critical housing shortage for whites and blacks?

Initially the growth will be biggest in office and flat buildings. From there I expect the demand for concrete masonry to filter through to the domestic housing market. Because of time and money savings, I see the use of concrete masonry as the only viable option left to developers.

Does concrete masonry have additional uses?

Obtaining oil-based bitumen for road building is difficult and there's a growing acceptance that interlocking concrete masonry can do the job ... also with substantial cost savings. The CSIR, the National Building Research Institute and the National Transport Institute are working on it now.

Cement plant OK

S. Times 18/10/81

113

By Stephen Orpen

THE green light is at last shining for a new R150-million cement plant in Natal

The plant will be sited inland of Port Shepstone and will be operated by Natal Portland Cement

The project has been obstructed by spirited resistance from the Umtentweni Town Board, which objected to the construction of a rail link from the plant site to join the South Coast line, as the new line would have passed through the village

Dennis Rowe, general manager of Natal Portland, told Business Times on Friday that the town board "has now accepted that the new plant and its service railway line are of national strategic importance"

"Without the new plant, the supply situation in Natal would have reached crisis levels — it is already serious, with deliveries having to be fed from the Western Transvaal"

The rail link will cost R20-million, and the line is expected to be open to diesel traffic by about September 1983

Project managers are Anglo-Alpha, whose Swiss principal, Holderbank Financiere Glaris, is busy with detailed plant drawings on the basis of a preliminary layout prepared by Anglo-Alpha Technical Services

Unions appeal to overseas labour bodies

CT 19/10/81

Own Correspondent

JOHANNESBURG — Two local black unions have sought the help of powerful overseas labour organizations in an attempt to resolve disputes arising out of recent strikes on the Rand

The Building Construction and Allied Workers' Union has appealed to the British Trade Union Council to approach the British parent company of Johnson Tiles at Olifantsfontein, where workers were fired after a recent strike

A union spokesman said the TUC had secured an agreement from the parent company that workers would be reinstated and that the firm should meet with the union

However, he claimed local management wanted to re-employ selected workers only — which the British unions "totally rejected" He also claimed the firm had told fired contract workers to vacate their hostel in Tembisa township

It was not known whether the workers were actually evicted but the union was seeking an urgent meeing with management, he added

Company spokesmen could not be reached for comment

Meanwhile the Metal and Allied Workers' Union has called on the International Metalworkers' Federation to intervene in its dispute with the Telephone Manufacturers of SA (TMSA) in Springs

TMSA is a subsidiary of the General Electric Company and the Fosatu-affiliated union has asked the IMF to approach GEC in an attempt to bring the local management to the bargaining table

The union wants to meet with the company to discuss reinstatement of workers fired after the whole black workforce of 1 600 went on strike recently

Up to now, TMSA has refused to meet with the union

Nine people appeared in the Kwathema Magistrates' Court last Monday on charges of assault following the unrest They were released on bail, paid by the union, and the case was postponed

A police spokesman said another two people had been arrested in connection with alleged cases of assault and another arrest would be made

A union spokesman condemned the involvement of the police in the dispute

He added "It seems TMSA management is using the police to weaken the resolve of the workers"

He said the company was still refusing to talk to union officials, which was 'damaging to worker-management relations"

A spokesman for TMSA said almost 1 000 of the 1 600 dismissed workers had been re-employed, and about 100 new workers had been taken on

He reiterated that the firm would not take back 200 workers who were fired first after starting the strike

'NO SPACE' FOR 300 STRIKERS

[illegible]

MORE THAN 300 workers who went on strike at Johnson Tiles in Olifantsfontein were this week told they could not be re-employed as there was no space for them any more.

Mr Frank Mohlala, general secretary of the Building, Construction and Allied Workers' Union, said the workers had applied for re-employment at the factory on October 13 but were told there were no vacancies. Most of the vacancies were said to have been filled while the workers were on strike.

The work stoppage at Johnson Tile started on September 22 when workers demanded the reinstatement of a fired colleague, dismissal of two supervisors and recognition of the BCAW U.

Mr Mohlala said: "On October 13 the workers went to the factory and one of the shop stewards was rehired and the other not. The following day when he went to start work a black supervisor told the foreman who had hired the shop steward about him.

The foreman, according to the shop steward, said he could not take him any more as 'Ek het nie geken dat jy is ... ek kan jou nie meer vat nie.' The shop steward was then turned back.

"Most of the workers who came from [illegible]

[illegible]

TRAINING CENTRE

S. Tribune 25/10/81

Property Reporter

A R1-million training centre is being built by Pretoria Portland Cement to help overcome a serious shortage of skilled manpower in the industry.

The centre, at the Slurry cement factory in the Western Transvaal which provides opportunity for practical work, will include single quarters accommodation for 40 people. The project should be completed next July.

PPC's deputy group personnel manager, Ben Viljoen, says the centre will concentrate on intensive tuition for specific critical job areas, giving the trainee "scientific and practical training in terms of his job requirements".

Dave Scott, manager of the training centre

PP Cem raises profit 12%, pays 40c final

RDM 27/10/81 193 ~~249~~

PRETORIA Portland Cement increased net profit — on a conventional accounting basis — by 12% to R38 673 000 in the year to September 30 from R34 464 000 in 1979-80.

The final dividend has been increased from 33c to 40c to make a total of 56c (47c). Turnover rose from R177-million to R229-million

By HOWARD PREECE

PP Cement is South Africa's largest cement and lime producer It is a member of the Barlows group

Gross pre-tax profit rose increased from R52 906 000 to R64 9245 000, an increase of 23%

This was restrained, however, by a sharp jump in tax from R17 539 000 to R25 401 000

The chairman, Mr G H Bulterman, says "The effective rate of taxation of 39% for the year compares with a rate of 33% last year when substantial benefits were derived from tax allowances on the commissioning of new plant

"This has resulted in consolidated net profit increasing by only 12% as compared with an increase of 23% in profit before taxation"

COMMENT. The huge boom in the economy over the past two years has helped cement producers

They have not, however, been able to take advantage of the situation in the way that many other industries have in comparable positions because of price control on cement.

The industry is also a heavy user of finance for new developments.

PP Cement plans to spend about R100-million over the next three years

This will have a big impact on the tax bill and on declared profits.

PP Cement has tried to come to terms with this erratic but important feature of its accounts and also with the general wider issue of inflation accounting.

There are, then, various ways of looking at the group's results

The figures given above reflect the standard accounting procedure and on that basis earnings a share rose from 194c to 216,3c

PP Cement strongly favours current cost accounting — which tries to adjust figures for the impact of inflation — and with capital expenditure commitments that is understandable

On that basis earnings a share rose from 134,7c to 146,4c.

To add to the complications, however, the group calculates that earnings on a conventional basis rose rose from 165,3c to 212,4c if the impact of investment allowances on tax is excluded

On a current cost basis, earnings, with the tax adjustment, are calculated to have risen from 106c to 142,5c

You pays your money and takes your choice

What is apparent, however, is that when the effect of investment allowances is excluded the group showed a much stronger growth last year than is implied by the gross figures

It is also clear that with even with the current account method the dividend cover is 2,5/2,6 —which is pretty healthy.

At 910c PP Cement offers a historic dividend yield of 6,15%

However the wider figures are interpreted that is not over-exciting.

PP Cement, with its Barlows pedigree, is a solid institutional hold, but it is unlikely to have strong appeal for the small investor so long as the industry is hamstrung by price control

PO 28/10/81 (193)

R1,5m glass works planned

BEDFORD — A R1,5 million glass factory is being planned here, the managing director of a construction company, Mr J Linde, said yesterday

He said the factory was being planned by an Italian company in conjunction with a Port Elizabeth businessman and himself

DDR

FM 30|10|81

GYPSUM INDUSTRIES

193

Expanding the base

Activities *Makes gypsum-based plaster and plasterboard as well as ceiling and partitioning components Supplies gypsum to the cement industry and agriculture BPD Industries (UK) holds 53% of the equity and Blue Circle a further 28,5%*

Chairman *H B Pearson, vice-chairman and managing director R A P Fockema*

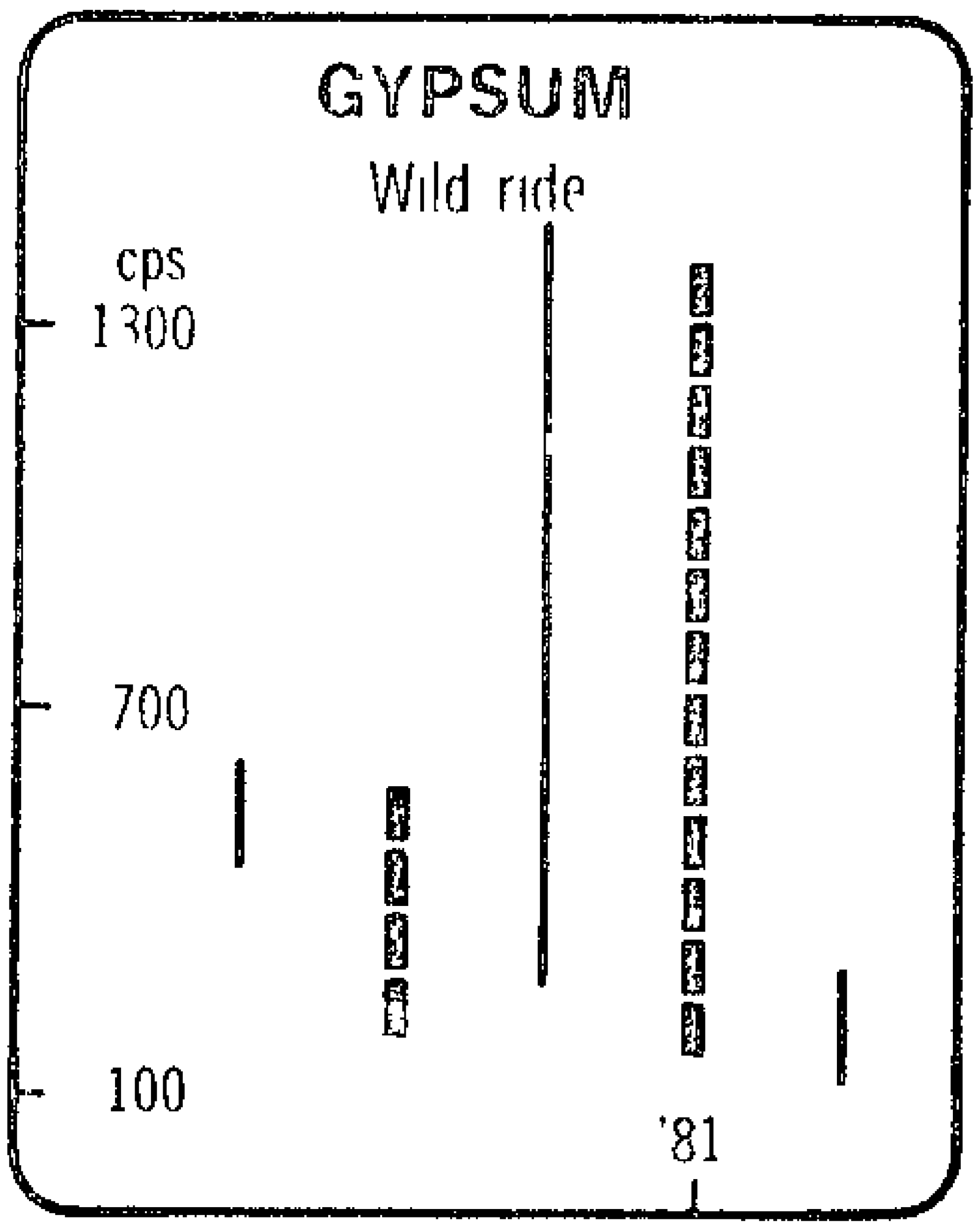
Capital structure *8,2m ordinaries of 20c Market capitalisation R20 5m*

Financial *Year to June 30 1981 Borrowings long- and medium-term, R2,8m Net cash R1,1m Debt equity ratio 28,1% Current ratio 2 2 Group cash flow R5,1m Capital commitments R3 2m*

Share market *Price 250c (1980-81 high 250c low 85c trading volume last quarter 11 600 shares) Yields 18 4% on earnings 5 6% on dividend Cover 3 3 PE ratio 5 4*

	78	79	80	81
Return on cap (%)	[illegible]	24 1	33 6	[illegible]
Turnover (index)	100 0	[illegible]	[illegible]	[illegible]
Pre-tax profit (Rm)	[illegible]	[illegible]	[illegible]	[illegible]
Earnings (c)	6	[illegible]	[illegible]	[illegible]
Dividend (c)	[illegible]	[illegible]	[illegible]	[illegible]
Net asset value (c)	73	80	[illegible]	[illegible]

Although expecting profit growth to moderate after a period of exceptional buoyancy Gypsum's confidence in the future is reflected in a continued high level of capital expenditure



Commitments at June 30 rose to R3 2m from R717 000 a year ago which compares with net amounts actually spent on fixed assets of R2 8m in 1981 and R1 6m in 1980

Major projects include a new calcining plant for the Pretoria works, scheduled for completion in 1983 Also in Pretoria additional land has been purchased adjacent to the existing factory says chairman Harold Pearson which will enable planning to proceed for expansion to meet future demand

The partitions and ceiling grid operation Donn Products has also bought additional land and a new factory will be completed by January next year This will replace the existing premises which have been sold Donn is also to install a third rolling line before the end of the present calendar year

Trading conditions remained buoyant locally, though the same could not be said for Zimbabwe where 50%-owned Gypsum Industries (Pvt) continued to incur losses By December 31 1980 the company had wiped out its entire capital and instead of participating in a recapitalisation, Gypsum sold out its interests to its other Zimbabwean associate, ARM, for a nominal Z$10 000

Funding capex requirements and another R1 6m in net working capital made its mark on the balance sheet, with borrowings up from R2,4m to R3,3m The group remains conservatively geared, however, with a debt equity ratio of only 28,1% (26,8%).

Liquidity and interest rate considerations are likely to lead to a reduction in building in the private sector this year But some growth is likely from low-cost housing schemes where Gypsum is maintaining a satisfactory share of the market for its products, Pearson says

At worst, therefore, there should be a 2c increase in dividends to 16c, thus almost maintaining the payment in real terms This is supported to some extent by last year's distribution which was fairly conservative on current cost earnings Historic cost cover fell from 3,5 to 3,3 times, but current cost earnings of 24c (10,2c) were 1,7 times the dividend against 1,4 previously Had this cover remained constant, there would have been scope to pay out an additional 3c

Brian Thompso

BLAIKIE-JOHNSTONE

Solid growth

FM 30|10|81 (193)

Activities: *Building materials supplier Owned 84% by W F Johnstone*
Chairman: *J C F Johnstone*
Capital structure. *10m ordinaries of 50c, 100 000 5,5% red cum prefs of R2 Market capitalisation R19,7m*
Financial: *Year to June 30 1981 Borrowings long- and medium-term, R1,2m, net short-term, R10,1m Debt equity ratio 49,6% Current ratio 1,8 Group cash flow R5,5m Capital commitments R134 000*
Share market: *Price 197c (1980-81 high, 230c, low, 140c, trading volume last quarter, 89 000 shares) Yields 24,3% on earnings, 10,2% on dividend Cover 2,4 PE ratio 4,1*

	'78	'79	'80	'81*
Return on cap (%)	12,0	19,7	26 6	25,8
Turnover (Rm)	38,4	46,0	58,5	80,3
Pre-tax profit (Rm)	2,1	4,1	6,7	8,3
Gross margin (%)	6,6	10,0	12,1	11,0
Earnings (c)	12,2	23,7	38,3	47,8
Dividends (c)	5,5	10,0	14,0	20,0
Net asset value (c)	160	174	199	228

* Lifo

Chairman John Johnstone's forecast that last year's profit growth would be more modest than in the previous year has proved accurate But the reasoning behind the prediction was somewhat wide of the mark Despite continuing strong demand in the building industry, Johnstone expected supply bottlenecks to inhibit industry growth While problems in that area did occur, Johnstone says they failed to hamper the industry to the degree expected

Nevertheless, the pre-tax profit advance of 24% to R8,3m on turnover growth of 37,3% to R80,3m was less than half the profit growth rate of the previous year Although last year's growth was off a higher base, the main reason for the deceleration was the company's switch to lifo stock valuation, the effect of which was to reduce pre-tax profit by R2,1m and cut tax from R4,3m to R3,5m The change to lifo also resulted in a slide in gross margins to 11% (12,1%), but that does not truly reflect a decline in profitability as margins improved to 13,5% on the fifo-based figures

Return on capital employed eased slightly to 25,8% (26,6%), but is still healthy at that level Part of the reason for the decline was the increase in borrowings from R6,5m to a total of R11,4m, most of which is short-term At 49,6% (32,1%) the debt equity ratio is satisfactory in view of the fairly high returns

The increase in gearing enabled the group to cut dividend cover from 2,7 times to 2,4 times, despite expansion through acquisition during the year Johnstone says the company's takeover of Johnstone & Keith, a building supplies concern in Dundee, gives the group a "comprehensive coverage" of the northern Natal coalfields

Johnstone expects the current high level of activity in the industry to result in increased turnover this year, but cautions that rising operating costs and higher interest rates will impact on profits Funding working and investment capital this year could result in an increase in dividend cover, but it seems likely that the company will be able to maintain the current level of returns Johnstone says profit for the current year should not be less than that earned in financial 1981

At 197c, the share offers an historic dividend yield of 10,2%, which seems fairly attractive in relation to the sector average of 7,1% Holding company W F Johnstone yields a high 10,3% at the current price of 580c, but small marketability is a limiting factor

Chris Wilson

CEMENT 193

The first shipment

FM 20/11/81

The first shipments of imported cement in 20 years arrived in Durban last week But they will do little to relieve the acute countrywide shortage

Hartley van Schalkwyk, GM of the Cement Marketing Organisation (CMO), says supply should remain "tight" until the end of November And he adds that cement rationing, introduced by the CMO in September, could be continued into the new year "to bring order into the market"

The 29 500 t of cement imported from Taiwan is being circulated through the CMO's marketing network to consumers in Natal — mainly to contain transport costs Cement from the Transvaal factories, which normally finds its way to Natal, is being re-routed to other areas

Van Schalkwyk says the decision to import cement was taken as a temporary measure to tide the country over the worst of the shortage He says no further shipments are being planned at this stage, largely because of the high costs The Taiwanese cement is landed at roughly R30/t more than the cost of the local product

The Cement Producers Association has agreed to absorb the extra costs estimated by van Schalkwyk at around R900 000

The CMO is hoping the traditional builders' recess, which starts next, month will enable the industry to catch up with its supply backlog — currently estimated at 100 000 t-120 000 t

Trial runs have already been conducted at the new Lichtenburg plant, but the flow of cement from the new facility is expected to make an impact on the market only in the new year The plant will have an annual capacity of 450 000 t Two additional cement factories are being planned, but start-up is scheduled for around 1983/1984

Van Schalkwyk says the industry's main difficulty is trying to forecast next year's demand in the face of conflicting evidence Economists predict a cooling off in the economy, while builders say their industry is still going strong and should remain buoyant well into 1982 "We are budgeting for a small growth in demand of around 4% for next year," he says

The CMO has estimated that this year the demand for cement is 10% or 647 000 t up on 1980, which was 1,2 Mt up on the previous year

"I have never seen so much pressure on one industry in two years," says Van Schalkwyk

The cement supply difficulties have inevitably led to accusations that price control is stifling forward planning and investment in new plant The Competition Board, which was called on to investigate the effects of price control in the cement industry, has completed its report and Dawie de Villiers, Minister of Industries and Commerce, is expected to make an announcement soon

Naturally the industry is anxiously awaiting his verdict But judging from the recent remark price by price controller Dougie de Beer that he "fails to see how price control could be blamed for the temporary (supply) situation," there is unlikely to be any change in the status quo

R300-m for Cape expansion

ARGUS

25/11/81 (193)

MORE than R300-million is to be spent in the Cape by Pretoria Portland Cement as part of a R700-million development programme for the next six years.

The Riebeek West factory and quarry are to get extensions costing more than R200-million.

Another R30-million will be spent on developing the Zoutkloof quarry at De Hoek.

In the Northern Cape, R76-million will go towards completing the Lime Acres expansion and modernising the crushing and screening plant.

New silos and loading facilities at Port Elizabeth are among improvements that will take R20-million.

● **A Hunt Leuchars and Hepburn** subsidiary is paying R9,5-million to take over the hardwood timber interests of Suiderland Development Corporation.

The deal involves two sawmills for mining timber and about 12 400 hectares of plantations in the Piet Retief area, where HL and H Timber Products (Pty) is already established.

Suiderland still owns large plantations and will continue with charcoal production and timber products. The cash from the sale will be used to consolidate and diversify the company, says the chairman, Dr P G S Neethling.

Tom Hood

LIME 193

Open to abuse

FM 27/11/81

Two years ago, and shortly before he exchanged his agricultural portfolio for transport, Minister Hendrik Schoeman announced an unexpected change in the system of subsidising agricultural lime Until then farmers qualified for a 75% rebate on their lime railage bills up to a maximum of R3,50/t

The main beneficiaries under the old rules were those crop farmers who lived furthest from lime deposits and the vendors of lime who had the best quality products to sell But the system encouraged farmers to shop for lime further afield than they should have done So it discriminated against the sellers of low grade lime, and put an unnecessary strain on the railways at the worst time of year

Farmers buy lime and work it into their lands to counter soil acidity Peak demand is in the winter months when the SAR is at its busiest hauling coal and maize Since January 1980 the subsidy has been paid on the lime itself instead of the railage A flat R4,00/t subsidy is now refunded to the farmer on presentation of a receipted account This has tipped the balance of discrimination sharply in the other direction Whereas it used to pay the user to bring good lime from a great distance, he is now encouraged to use the cheapest possible material close to his own doorstep

Although the standard price for agricultural lime matching up to the prescribed minimum standards is now R6,55/t, the best quality limes sell for as much as R10/t and some vendors of marginal products are reputedly offering "discounts" which reduce the effective prices of their inferior products to as little as half that figure

Since the new flat payment of R4,00 effectively subsidises 80% of the cost of poor quality lime (selling at R5,00), but only 40% of the cost of the best lime, it is hardly surprising that the sellers of the better quality products are dissatisfied

But it is not only the concept of the scheme that is causing distress Critics believe that the new system is wide open to abuse Hendrik Pistorius, MD of H Pistorius and Co, a large supplier of lime in the Transvaal, claims that the Department of Agriculture lacks the staff to police the system and would not be able to control fraud under the new rules even if it had them "It makes no difference to the supplier whether he invoices a farmer for 800 t at R5,00 or 500 t at R8,00," he says "But it makes a big difference to the subsidy If the supplier is prepared to increase the tonnage on the invoice, he can split the excess proceeds with the farmer There is no way of checking You can't weigh lime once it has been spread "

Minister Schoeman . . . system change

Pistorius advocates a return to the old system "The railway docket provided proof that a farmer had bought that number of tons," he says "No farmer would sign for more than he had received Anyway the railway documentation is always accurate "

Other alleged abuses include the marketing and purchase of sub-standard lime (farmers are prepared to buy an inferior product to qualify for the biggest possible subsidy), the purchase of lime by farmers for resale to industry, and for their own use for purposes other than the correction of soil acidity Compacted low grade chalk makes a good base for roads and cattle yards

PP CEMENT

193

Long-term view

FM 4/12/81

Activities *Cement and lime manufacturer Owns 100% of Northern Lime, 50% of Cemafrique and Cement Sales and 24% of Durban Cement Barlow Rand is the holding company*

Chairman. *G H Bulterman, managing director G R Luyt*

Capital structure *18m ordinaries of R2 Market capitalisation R153m*

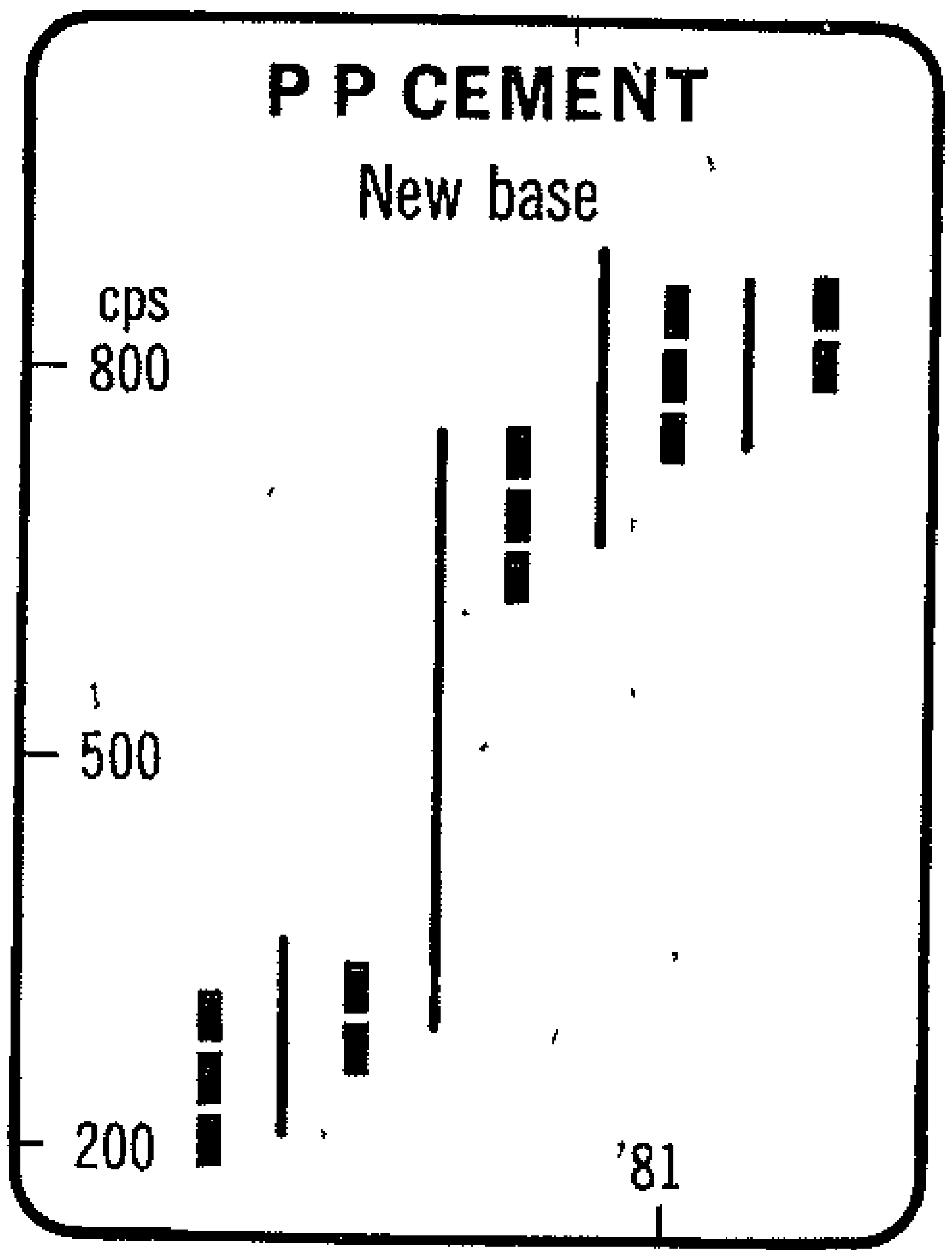
Financial *Year to September 30 1981 Borrowings long- and medium-term, R23,3m, Net cash R26,4m Debt equity ratio 12,4% Current ratio 1,9 Group cash flow R54,5m Capital commitments R112,4m*

Share market *Price 850c (1980-81 high, 950c, low, 650c, trading volume last quarter, 37 000 shares) Yields 25,5% on earnings, 6,6% on dividend Cover 3,9 PE ratio 3,9*

	'78	'79	'80	'81
Return on cap (%)	16,2	18,8	22 2	23 3
Turnover (Rm)	130,8	138,0	176 7	229 4
Pre-tax profit (Rm)	26 0	37 8	52 9	64 9
Gross margin (%)	28 3	29,6	31 5	29 4
Earnings (c)	86	139	194 4	216,4
Dividends (c)	30	35	47	56
Net asset value (c)	742	817	973	1 132

Despite the vulnerability of the cement industry to cyclical swings, and the fact that returns on capital employed are limited by the controlled price of cement, PPC is budgeting for a R700m expansion over the next six years Over R600m of this is earmarked for the cement division to meet projected demand which is expected to double over the next 20 years The balance will be spent on increased capacity in the lime division

Capital expenditure of over R100m is planned for the coming three years which will be split 60%-40% between the lime and cement divisions and will be financed by a mixture of internal and external funding



While PPC is clearly taking a long-term view, the massive capacity expansion programme could impact heavily on profit during the expected economic downturn

Last year, unusually high demand for cement as a result of the housing boom and continued infrastructural growth boosted turnover significantly However, profits were restricted to some degree by the ceiling on the cement price and margins slipped from 31,5% the previous year to 29,4% In addition, insufficient capacity resulted in supply bottlenecks which in turn led to the importation of cement and rationing in certain areas

That is obviously a situation PPC wishes to avoid in the future and chairman George Bulterman says cement shortages can only be overcome by "providing production capacity well in excess of that anticipated based on past market growth, forecasts and trends"

While that may sound like good planning, the question is whether the sacrifices in terms of short-term profitability are worth it Bulterman admits that such surplus capacity implies plant utilisation of around 85% in times of high demand and as low as 60% during economic downturns Last year overall capacity utilisation exceeded 93% Although return on capital employed rose from 22,2% to 23,3%, Bulterman says return on investment in the cement division is still well below the level considered acceptable by the Price Controller

The situation is further complicated by the fact that the low level of demand for lime from the mining industry could result in increased costs for the group in terms of spare capacity

PPC's massive expansion programme implies, however, that the group is not counting on any kind of sustained economic downturn and hopes to benefit from fairly steady infrastructural growth And Bulterman's view that current pricing levels do not justify the current expansion implies that further price increases are likely The cement industry is currently under investigation by the Competition Board with a view to lifting price control, he adds

PPC has in the past benefited considerably from tax allowances in respect of previous capex Last year, however, the tax rate rose from 33,1% to 39,1% That impacted on attributable profit, which increased 12,4% to R38,9m (R34,6m) on a conventional accounting basis

Finance director Chris Wrogemann says that this year's tax allowances are unlikely to exceed those of financial 1981 because most of the expenditure this year will fall into the mining category, which does not qualify for allowances

Not reflected in the accounts is income from the sale of PPC's 49% stake in Premier Portland Cement of Zimbabwe Portland Holdings (Zimbabwe) bought the holding at Z$2,85 a share on September 1 Wrogemann says the proceeds have been invested in Zimbabwe government bonds which will be remitted in equal annual instalments over the next six years

With the balance sheet reflecting a sound financial position and a reduction in the debt equity ratio from 15,4% to 12,4% the group seems in a good position to finance the planned expansion without placing excessive restrictions on dividend growth On a current cost basis the 56c dividend total is covered 2,6 times by earnings marginally lower than in the previous year

In view of the uncertainty surrounding the cement price and the widely anticipated economic downturn this year forecasting is somewhat hazardous At 850c the share yields an historic 6,6% which reflects to some degree the market's uncertainties on near-term prospects

MANUF. — NON-METALLIC MINERALS

49

1982 – FEB — ~~AUG~~ NOV.

1983 – JAN — DEC

Brick workers strike to gain recognition

RDM 2/2/82

193

192

4GA

ABOUT 500 workers at Corobrik's Bedfordview plant went on strike yesterday, demanding that the company recognise the Fosatu-affiliated Glass and Allied Workers Union (Gawu)

By STEVEN FRIEDMAN

A spokesman for the company said workers were still on strike yesterday evening and that management had asked them to contact union officials to continue negotiations on a union recognition agreement

The company said it had been negotiating an agreement with the union but that Gawu officials had not replied to recognition proposals it made in December

Union officials could not be reached for comment

Support

Corobrik's spokesman said the company acknowledged that the union had support in two of its 20 plants

Company policy was to recognise only unions which were registered for its sphere of activity and the union was not yet registered, he said However, after receiving an approach from the union last year, Corobrik had entered into recognition negotiations with it

"We gave them a list of heads of agreement to be incorporated in an agreement But since December, they have not been back to us "

Yesterday workers downed tools demanding that Corobrik sign a recognition agreement with the union They gathered outside the factory gates and management had asked them to contact union officials to ask them to report to the factory and resume negotiations, the spokesman said

"We are hopeful that the officials will report tomorrow and that the dispute will be resolved quickly "

Corobrik, a member of the giant Tongaat group, was involved in a controversy last year when rival unions claimed that the National Union of Brick and Allied Workers (Nubaw) — a black union which is active at the company — was formed by Corobrik management

Both Nubaw and Corobrik denied these allegations

ERAL NEWS

193

Recognition strike halts brick plants

Star 2/2/82

By Drew Forrest

About 500 workers lost their jobs at two Corobrik plants at Bedfordview and Primrose following a dispute over a recognition agreement

Workers were told they would be selectively re engaged today after talks between management and the Fosatu-affiliated Glass and Allied Workers Union broke down at noon

According to union officials, management had made "totally unacceptable" demands regarding negotiations and union recognition, such as compulsory membership on the industrial council

Workers interviewed by The Star said the company was withholding recognition from the union because it was unregistered

This claim was hotly denied by management

Gawu has applied for registration but has yet to receive its registration certificate

They also claimed management had expressed a preference for the National Union of Brick and Allied Workers, a union recognised at other Corobrik factories and viewed by rivals as an "in-company" body.

Corobrik's managing director, Mr E C Rutherford, said it was company policy to recognise unions registered for the industry

As Gawu last year showed sufficient paid-up membership at the two strike-hit plants, he said, management had agreed to recognise it and had stipulated the points it wished to see embodied in the agreement

"We left the door open for further discussions on these points, but have not heard from the union since our last meeting on December 4"

Mr Rutherford said management had set a deadline for a return to work and had "made arrangements for those not wishing to go back to receive money due to them"

Workers back on the job after strike

Star 4/2/82

193

By Tony Davis,
Labour Reporter

The strike-hit Corobrik plants at Primrose and Bedfordview yesterday took back half the dismissed workers and started recruiting to fill the other vacancies

About 500 workers were dismissed at the plants this week after striking over the issue of recognition for the Glass and Allied Workers' Union

Corobrik management said the workers had 'discharged themselves' by refusing to return to work

Half the workforce in the two plants had returned to work without any loss of benefits and the remaining half would be paid out, according to Corobrik's managing director Mr E C Rutherford

He said workers would be recruited for the remaining jobs this week and dismissed workers could reapply

The dispute saw talks between management and the union break down and union officials reject what they called prerequisites for recognition

These included union membership in the industrial council registration status and a willingness to hold joint talks with the National Union of Brick and Allied Workers

Glass and Allied has described this body as an in-company union

Glass and Allied's president Mr Ronald Mofokeng said the union would organise the new workforce and prove to management that its membership was representative

He said the union would continue to try to negotiate with Corobrik despite the dismissals

RECOGNITION

More than 1 000 workers were involved in a strike yesterday over a recognition dispute at a Heriotdale furniture firm

Workers at the Krost Brothers plant downed tools and many left work during the day while talks were being held with management

The Fosatu-affiliated Metal and Allied Workers Union (Mawu) which claims to represent a majority of workers at the plant held talks about the recognition demand

LABOUR BRIEFS

Union shop stewards had apparently called for the dismissal of the existing works committee at the plant and management countered with a call for new elections to be held

A Krost spokesman said the workers were expected back on the job this morning and they had agreed with Mawu to negotiate towards a recognition agreement

Wage negotiations between the management of Colgate-Palmolive and Fosatu's Chemical Workers' Industrial Union started this week

The company's Boksburg plant was the scene last year of a major dispute after the union demanded that Colgate negotiate wages at plant level and not at the industrial council for the industry

DEMANDS

Proposals being advanced by the union in the talks include increases of R1 an hour for hourly paid workers, a cost of living and service allowance, a one month annual bonus, doing away with Saturday morning and Sunday night shifts, advance notice of any retrenchments and negotiations on the pension fund

A Barlow Rand subsidiary, Nampack Recycling Industries in Edenvale, was hit by a one day dispute over wages on Tuesday

Workers had reported objections to recent wage increases and had demanded an increase of R1 an hour

A spokesman for the Fosatu affiliated Paper Wood and Allied Workers Union which represents many of the workers said management had agreed to hold wage talks later this month

FINANCES

The Vaal branch of the Engineering and Allied Workers Union has called a special meeting of the branches on Sunday to discuss last years finances

The union's general secretary, Mr Calvin Nkabinde, said that at the annual general meeting in January questions had been raised about the Vaal branch's financial situation

The planned meeting would help to resolve this problem, he said

students

By CHERYL VAN EYSSEN

THE shortage of social work rs was extremely critical e president of the Society of Social Workers of South Africa, Mrs Sheila Hefert, said yesterday

Universities enrolling social work students had recorded a 50 percent drop in e registration of first year students, she said

"The recruitment of social workers and how effective they are is handicapped by he totally inadequate salaries And of prime importance is that racial discrimination in salary scales should be abolished "

Of further importance was e inconvenience to social workers in having to deal with three different Government departments in their day-to-day work

These were the departments of Health and Welfare, ternal Affairs and Co-operation and Development she said

She suggested that social workers should be required to deal with only one department

Mrs Hefert did not want to comment on the submission by Dr L A P A Munnik of a cial workers' memorandum, spelling out all these problems, to the Commission or Administration, without taking direct action himself

This year, a 50 percent drop in the number of first-year students registering in social sciences was experienced in most universities except the University of the Witwatersrand

The memorandum pointed out that 14 2 percent fewer women and 33 3 percent fewer men were entering practice

The imbalance between men and women in social work was blamed on the poor salaries

It was pointed out that the classification of blacks in the professional divisions of the Government was not the same as for whites, and that black social workers were not 'free to move" from one administration board area to another

At the Reef meeting of social workers on Tuesday, great indignation was expressed at the fact that Dr Munnik had not replied to their memorandum, but had sent it to the Commission of Administration in Cape Town instead

Crackdown

MOSCOW — Soviet authorities are cracking down on shopkeepers in some cities who hoard food and sell it at above market prices The campaign follows the third consecutive poor Soviet grain harvest — Sapa AP

Inquest on former world champion

Mail Reporter

AN INQUEST into the death of Arnold Taylor, South Africa's former world bantamweight boxing champion who died in a Johannesburg road accident in November, is expected to be held today in the Johannesburg Magistrate's Court

Taylor, 38, was killed early on November 22 while riding his daughter's motorcycle to their home at Mayfair, after visiting friends He was taken to hospital, where he was certified dead on arrival

He became world bantamweight champion in November 1973 when he knocked out Mexican Romeo Anaya in a world title fight in Johannesburg

He lost the title on points six months later when he was beaten in Durban by a Korean, Soo-Hwan Hong

Taylor fought 49 bouts during his boxing career and won 17 on knockouts He lost only eight fights

His first boxing success came in May 1969 when he won the South African featherweight title by beating former Empire flyweight champion Dennis Adams

More than 200 friends, relatives and former boxers attended his cremation

Taylor is survived by his wife Regina and three daughters

A spokesman for the Department of Justice said at the Johannesburg Magistrates Court yesterday he expected the inquest to be held today

Strikers are defiant over pensions

11/2/82

193

THE number of workers who have struck in the past three days rose to more than 3 000 yesterday as new strikes were reported at two large plants — one in Durban and one in Johannesburg

By STEVEN FRIEDMAN

Workers at the Defy Industries plant in Jacobs, Durban, have struck on pension demands for the second time in a few months, and a Johannesburg firm Krost Brothers was hit by a strike yesterday over demands that union shop stewards be recognised

Earlier this week, 500 workers at Corobrik in Bedfordview struck in support of union recognition demands and an Edenvale plant Nampak Recycling Industries, was hit by a wage strike

A Nampak spokesman said the strike had been settled

A Corobrik statement said 300 of the 500 had returned and the rest were 'provided with company transport to the nearest railway station

Return

At the Krost Brothers plant in Heriotdale, Johannesburg, the firm's 1 300 workers struck yesterday morning but are expected to return to work today

A spokesman for Fosatu's Metal and Allied Workers Union said workers agreed to return after the company said it would recognise union shop stewards and sign a written recognition agreement with Mawu 'as a matter of urgency

The firm's managing director, Mr Cecil Krost, said the strike had come after talks with Mawu on recognition had commenced The company had agreed to recognise the union because it represented a majority but "we still have a lot to discuss"

Late last week the company had received a petition from workers calling for their liaison committee to be disbanded and replaced by union shop stewards It listed other grievances

Mr Krost said the company agreed to disband the committee, but had asked workers to elect a new one until the union was recognised at which stage the committee would be replaced by Mawu shop stewards 'But we told them we could not recognise the stewards yet "

He added They did not come back to us on this but struck this (Wednesday) morning demanding that we recognise 10 workers they had chosen as shop stewards

After calling in union officials, we agreed to call the representatives shop stewards and continue talks I expect workers to return tomorrow (Thursday) "

At Defy, all 1 400 workers struck on Monday over demands that their pension money be refunded

A company spokesman, Mr Brian Gavin, said workers were still on strike and negotiations were continuing

Defy is covered by the metal industries' pension fund which has the same provision for freezing workers' pension contributions as the Government's proposed pensions Bill which was dropped after worker unrest last year

The company has been urging the Steel and Engineering Industries Federation to amend the fund's rules

NPU rejects Press curbs

Political Reporter

ORGANISED resistance to proposed statutory clamps on the Press mounted yesterday when the executive council of the Newspaper Press Union (NPU) rejected the main recommendations of the Steyn Commission at a special meeting in Johannesburg

In a statement after the meeting the president of the NPU Mr Peter McLean, said "The NPU unanimously rejected outright the proposed register of journalists, and certain provisions regarding ownership (of newspapers) "

He also announced the appointment of a committee of NPU representatives and members of the Conference of Editors to analyse the

Building societies take a hard line

By PENNY CUMMINS

WHEN the next increase in the mortgage rate is announced, probably at the end of the month home-owners will have to dip deeper into their pockets to keep up bond instalments

Mr Hendrik Sloet, president of the Association of Building Societies, says the societies will not extend the repayment period on loans, and borrowers will have to increase monthly repayments

He predicts the interest increase will be as much as 1 percent

The new rate will also affect house-buyers as they will have to satisfy higher income requirements to obtain a loan The building societies calculate bond repayments should not exceed 25 percent of gross income and a wife's salary is not always taken into account

The last time the mortgage rate went up was in August, also by 1 percent

Thank

Borrowers can thank their lucky stars that the views of Mr Henri de Villiers did not prevail He is the managing director of the Standard Bank, which incorporates the Standard Building Society

Mr De Villiers believes there should be a steeper differential than now in mortgage rates and people who can afford the bigger bonds should pay a minimum of 16 percent interest

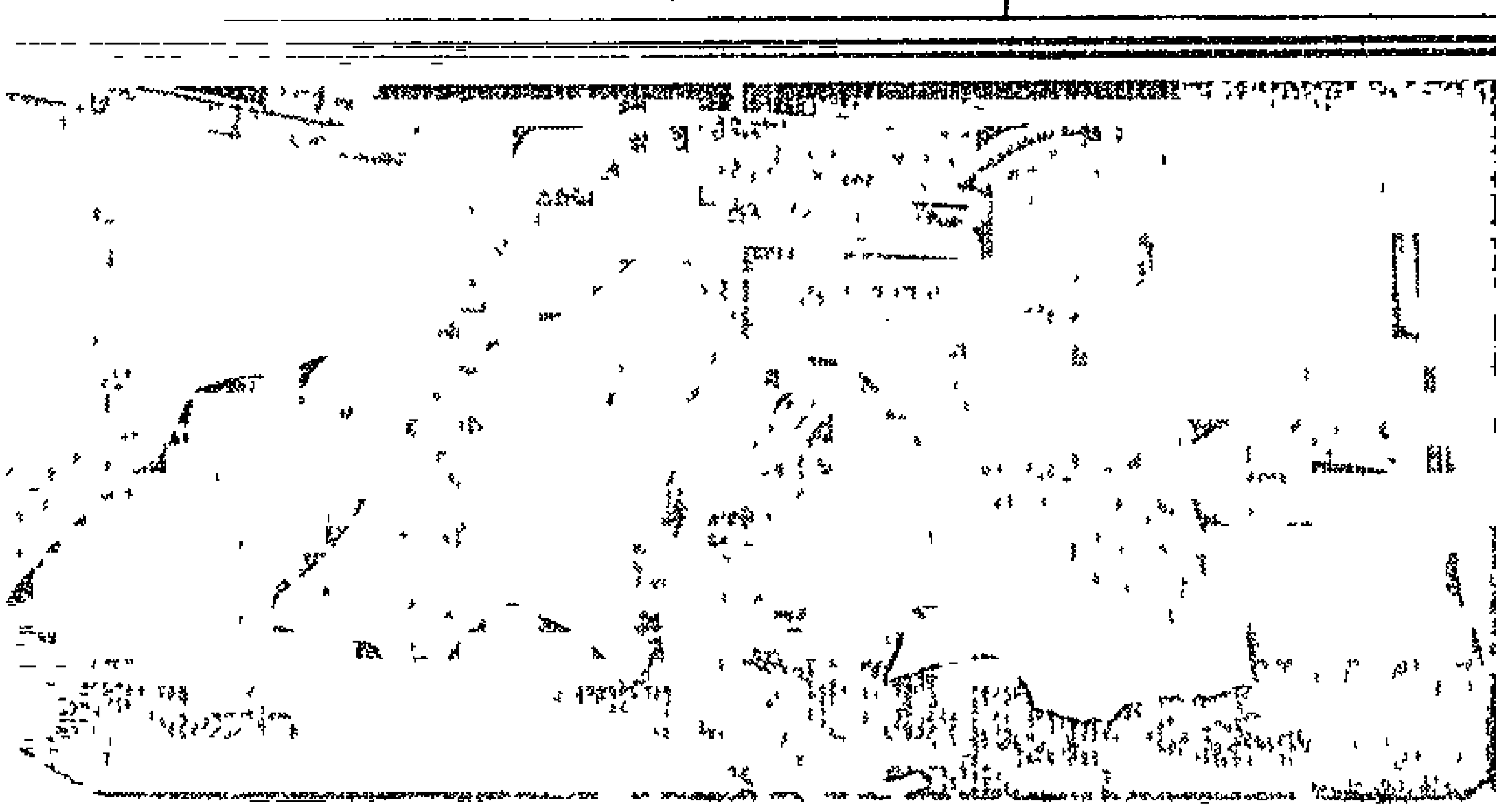
A property economist Mr Neville Berkowitz says a 1 percent increase still keeps mortgage rates below the 17% interest payable on a bank overdraft

In the long run, says Mr Piet Badenhorst joint managing director of the United Building Society the increase in rates will mean more money becoming available for loans, since higher interest rates will attract investors back to the building societies

'It is often elderly folk whose savings are financing the young home buyers Home buyers are winning hands down as they are using cheap money to buy a house which is appreciating in value " says Mr Badenhorst

Even with the projected increase the interest rate on mortgage loans will be lower than the general rate of inflation running at about 15 percent

Call by Pressmen overseas



BRICKS (193)

Building reserves

FM 12/2/82

Stockpiles are growing for the first time in 12 months as the demand for bricks drops off around the country The reasons for the declining demand are the shortage of mortgage bonds — the home building industry is a major consumer — regional cement shortages, a lower demand from the mining sector and the general tightening in liquidity

The most severely affected regions are Natal and the OFS In the Durban/Maritzburg area, Toncoro's [illegible] of common bricks has grown to [illegible] about 30 days' offtake In the OFS both common and face bricks are immediately available while in the western and eastern Cape delivery delays are said to be between three and four months The strongest market is the Transvaal where the order backlog is often as long as six months [illegible] the recent commissioning of several [illegible] plants

Says Cedric Savage MD of Toncoro the country's largest producer "The building industry is the best economic [illegible] there is The fall off in the demand for bricks is a reflection on what [illegible] to happen to the economy in the [illegible] months Ironically brick manufacturers are facing a declining demand at a time when the industry is [illegible] capacity utilisation [illegible] the sudden surge in building activity in 1980 brick manufacturers took the decision to invest heavily in new plant [illegible] which has now come on stream Toncoro for example spent R21m on [illegible] new brickworks which increased production [illegible]

The additional capacity did help reduce the backlog in high demand areas like the Transvaal But in Natal where there is a strong element of [illegible] building stockpiles are starting to grow Although Savage predicts that the fall in demand will continue for at least another six months he [illegible] Toncoro [illegible] expansion programme This includes another major brickworks in the Transvaal

[illegible] the building industry without [illegible] In the local industry he [illegible] view [illegible] place

[illegible] the [illegible] might be some [illegible] the companies [illegible] plant [illegible] would be improved he says [illegible] Other [illegible] building industry have [illegible] he says would be the more rigid application of price control on bricks based on the [illegible] formula of a 15% return on gross [illegible]

At the moment we never know what price increases are going to be allowed To plan [illegible] without knowing what price to expect is extremely difficult [illegible]

Another drawback of the price control [illegible] is that it is forcing Toncoro to concentrate on the production of cement bricks Because production [illegible]

[illegible]

(2) Premiums Treated as an Asset - Cont'd:

Year 02 - same as year 01

03, Jan 1:	Life Policy	300	
	Bank		300
Dec 31:	Income Statement	60	
	Life Policy		60
	Policy written down to surrender value (See Note 1 below)		
04, Jan 1:	Life Policy	300	
	Bank		300
Jan 2:	Debtor (Insurance Company)	24 000	
	Life Policy		540
	Income from Life Policy		23 460
	being accrual of proceeds receivable		
Jan 2:	Income from Life Policy	23 460	
	Income Statement		23 460
	being closing entry		
Jan 31:	Bank	24 000	
	Debtor		24 000
	being receipt of proceeds		

Note 1:

At the end of year 03, the life policy would be reflected on the partnership balance sheet as a non-current asset at its surrender value of R240.

Note 2:

The death of a partner automatically dissolves the partnership as legal and accounting entities. For this reason a partnership income statement would have to be drawn up for the period up to the date of death of the partner so as to ascertain the correct balance on his capital account. The proce[illegible] from the life policy would be shown as income in this [illegible] [illegible]ed direct to the pa[illegible]

Cement rationing ends Monday

JOHANNESBURG — From Monday cement will no longer be rationed

The cement marketing organisation has announced in Johannesburg that there had been a marked improvement in the supply of cement and there was no shortages Because of this, it had been decided to meet demand in full from Monday.

Rationing was imposed in September last year because of unusually heavy demand, and 30 000 tons of cement had to be imported from the Republic of China

The general manager of the Cement Marketing Organisation, Mr Hartley van Schalkwyk, said the demand for cement had now eased and production had increased as a result of the expansion of the cement factory at Lichtenburg.

So far this year, sales had exceeded those of the corresponding period last year by 88 000 tons

The total cement production this year was estimated to be in the region of 7,5 million tons compared with 7,2 million tons last year — Sapa

Sunday Tribune 28/2/82 (193)

Cement production to get a lift

PLANS GOING AHEAD TO IMPROVE CAPACITY IN NATAL SAYS DENNIS ROWE

By Dave McDermott, Property Editor

THERE are definite plans to increase the capacity of cement production in Natal, says general manager of Durban Cement Limited and Natal Portland Cement, Dennis Rowe.

He was reacting to a broadside fired this week by the president of the Durban Master Builders and Allied Industries Association, Andrew Stewart, who told the annual meeting of the association that the fact that Durban Cement is running to full capacity, with no reserve, "can only be of the gravest concern to us all."

Stewart's criticism of Natal's cement production capacity comes at a time when the Cement Marketing Organisation has announced the lifting of cement rationing and when major contracts awarded for the massive Natal Portland Cement Simuma clinker plant at Port Shepstone have reached a total of R85,8-million.

Simuma, which is due to come on stream at the end of 1983, initially will produce 1 450 tons of clinker a day to be railed to Durban Cement for milling.

Stewart says cement milling plants are not produced overnight. "Lest anyone endeavour to remind me that a new plant is being constructed near Port Shepstone let me clear any confusion that amy exist and explain that the new factory will not produce cement, but clinker which still has to be milled.

"We are aware that new silos have been constructed in Durban but silos do not produce cement."

Expansion of the Durban Cement facility is overdue, says Stewart. "Cement milling is a capital intensive business. We were reminded by a representative of the cement producers at the Bifsa congress in East London last year, that they were in the business to make money.

"That may be so, but in the same way as the building industry is endeavouring to train labour to meet its future demands, so should the cement industry be planning and providing for the demands of the future which it will have to meet.

"I am not saying that it is not, but if it is we in Durban can see very little evidence to this effect.

"The construction industry can no longer tolerate the situation where its prime basic commodity is not in adequate supply."

Last year, said Steware, the cement industry was "well and truly caught with its pants down". The cost of the shortage to the construction industry was naturally difficult to assess but there was no doubt it had been considerable.

Rowe says he has told Stewart personally that there are definite plans afoot regarding a capacity increase and these plans are due to be finalised shortly.

Some expansion has been completed in the Transvaal. Expansion in Natal in the shape of the Simuma plant will come into effect from the end of 1983.

The latest estimated Simuma project, including the factory and the railway spur connecting it with the South Coast line, is R139,5 million.

Project managers Anglo-Alpha Technical Services confirm that the following major contracts have been awarded so far (values are approximate and include Anglo-Alpha installation costs and escalation where applicable):

- Asea — electrical equipment R10 6 million.
- PWH — primary crushing, conveyors and stacker / reclaimer R13 86 million
- F L Smidth — kiln, mills and electrofilter R22 7 million.
- Brandt Engineering — clinker transport and outloading R2 4 million.
- CMGM — factory civil work R17 million.
- Cementation — rail bridge over the Umzimkulu river R2 4 million.
- Grinaker — railway line from 3 7 kilometres to 9 1 kilometres R4 2 million and from 9 4 kilometres to 14 1 kilometres R5 2 million.
- Various consultants and architects R3 million. Contracts for items ranging from quarry mobile equipment to telephone systems are still to be awarded

300

60

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24 000

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...r the period up to the date of death of the partner so as to
...rect balance on his capital account. The proceeds from the life
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BLUE CIRCLE 193 FM 26/2/82

Targeting returns

Activities: *Industrial holding company with its main activities in cement, engineering supplies, heavy equipment and contracting Blue Circle Industries (UK) owns 55,1% of the equity*
Chairman and managing director *T G Coulson*
Capital structure *21m ordinaries of 50c Market capitalisation R98,7m*
Financial *Year to November 30, 1981 Borrowings long- and medium-term, R53,8m, net short-term, R16,3m Debt equity ratio 51% Current ratio 1,5 Group cash flow R33,3m Capital commitments R37,2m*
Share market: *Price 470c (1981-82 high, 565c, low, 425c, trading volume last quarter, 197 000 shares) Yields 22,9% on earnings, 8,2% on dividend Cover 2,8 PE ratio 4,4*

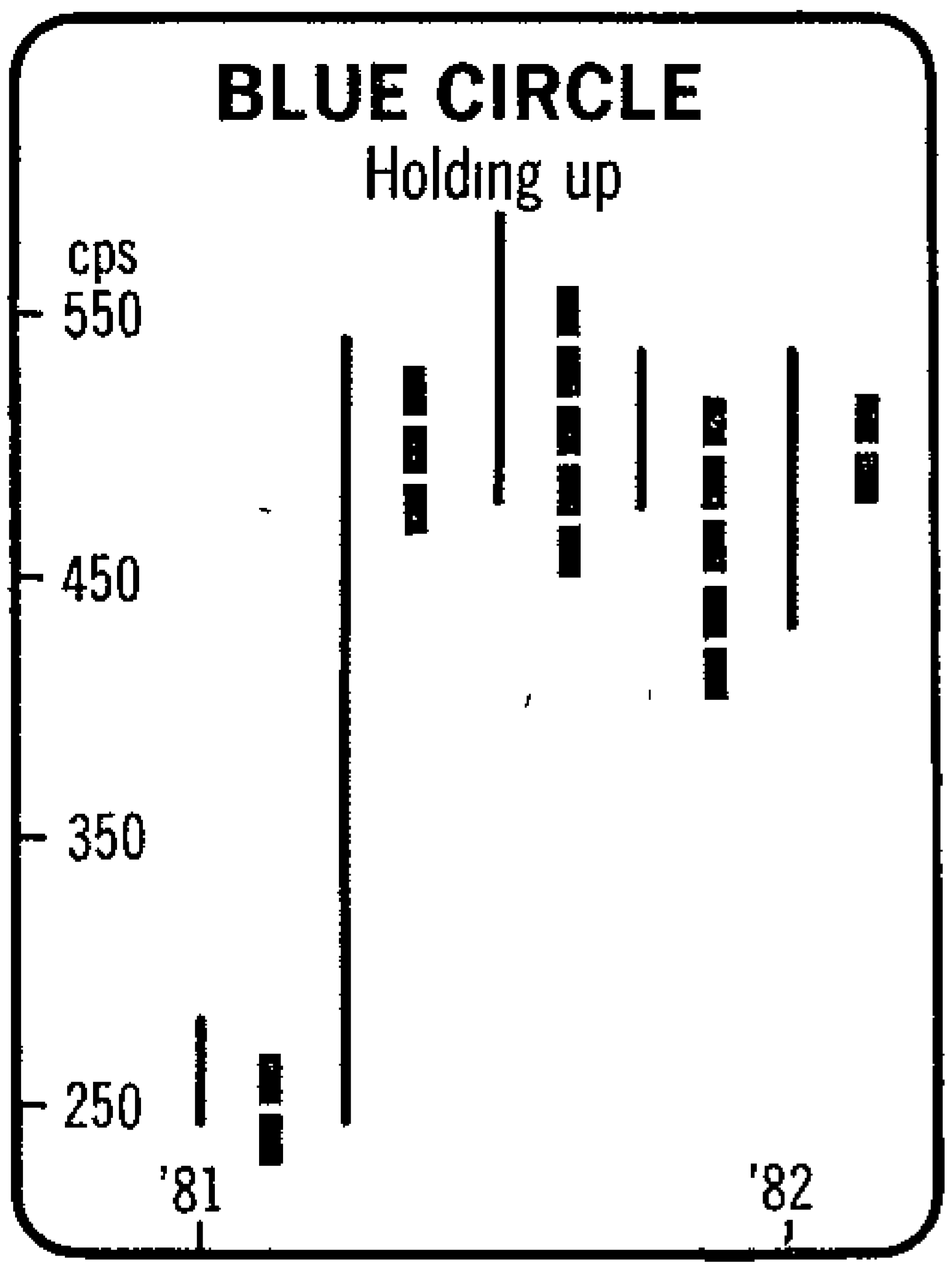
	'78	'79	'80	'81
Return on cap (%)	12,9	16,0	22 0	15 0
Turnover (Rm)	159	203	261	321
Gross profit (Rm)	15,5	19,7	32,6	33,9
Gross margin (%)	10,0	9,6	12 5	10,6
Earnings (c)	33,5	45,0	81,3	107 4
Dividends (c)	17,5	21	32	38,5
Net asset value (c)	374	398	455	694

An extraordinarily low tax bill improved Blue Circle's profit picture at the bottom line last year by offsetting the effects of sharply higher interest rates and vastly increased depreciation charges Nonetheless, the group had no difficulty in exceeding the directors' forecast of earnings growth outstripping the rate of inflation

The rise in depreciation charges — almost R10,8m against R6,9m the previous year — stemmed from an asset revaluation which wrote up the total value of fixed assets by some R64,7m That helped boost total shareholders' funds to R147,6m (R97,4m) and thus reduce the group's return on capital employed to 15% — below the level of financial 1979

In addition, the revaluation has set back the group's major financial objective of achieving a 20% return on average assets This target has also been affected by the R40m capital expenditure on the Lichtenburg cement kiln, which is expected to double capacity Chairman Trevor Coulson says modernisation and extension of the main Lichtenburg factory will continue through 1985 at an approximate cost of some R200m, which is intended to bring the plant's capacity to 2,5 Mt/year

The heavy capex programme will be funded by a mix of internally generated funds and outside borrowings This, says Coulson, could cause the group to deviate from its "conservative financial targets" for a short time Whether this will have an impact on dividend distribution in the current year is not clear, but the question does arise as to how the group's retentions will fare in providing sufficient funds for the seemingly endless need for replacement and extension capital



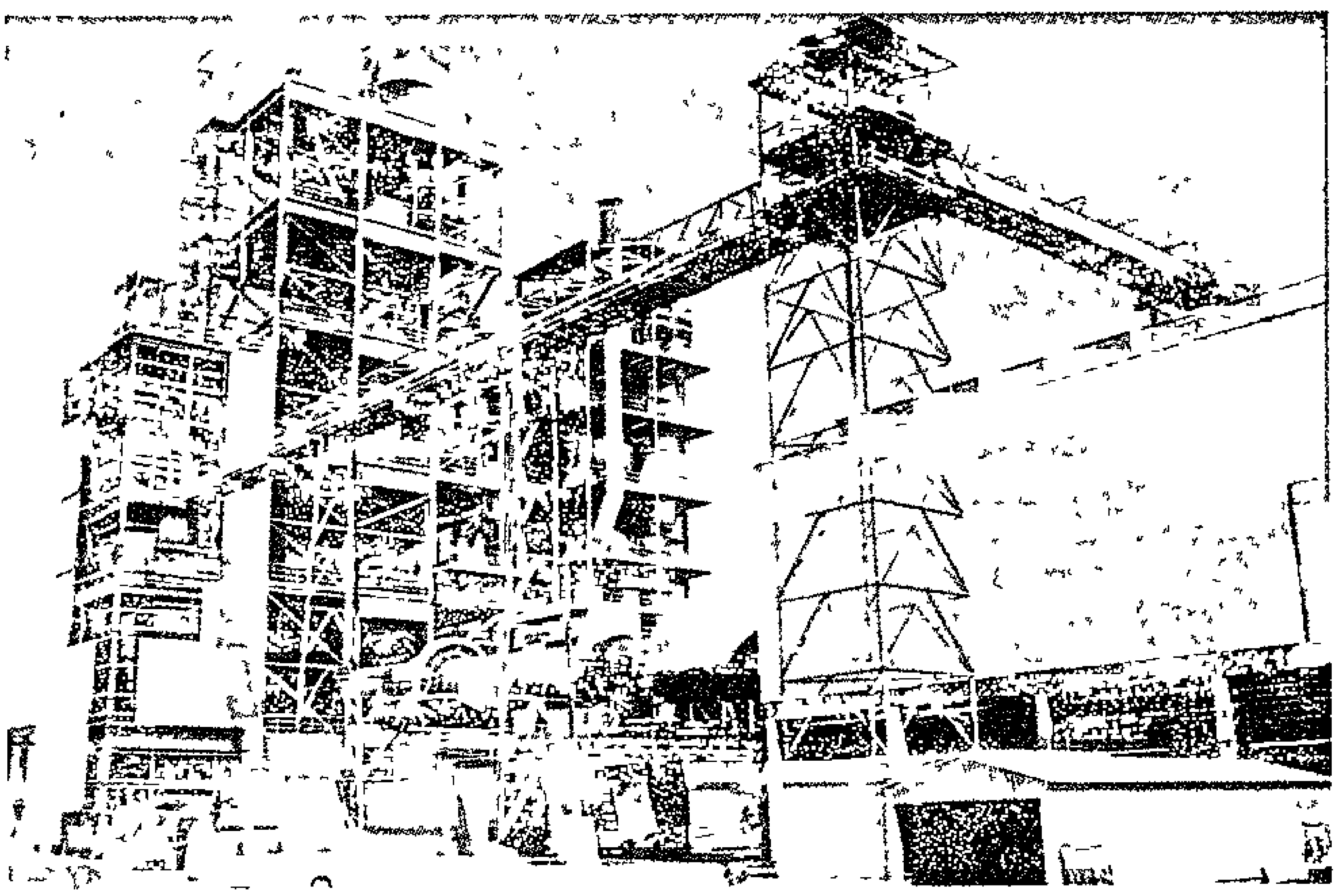
As Coulson points out, the capital cost of cement plants has increased five-fold since 1971, while the controlled price of cement has only trebled over the same period This again raises the question of whether the hefty ploughbacks into the industry are justified by the returns In boom times, the answer is a definite yes But, with cement dependent on the volatile building industry, the effect in bad times can be terrible

While cement production remains the group's principal business, accounting for the bulk of assets employed, the division's contribution to overall pre-tax profit (before interest) last year declined from 52,5% the previous year to 42,7% This was, however, partly a reflection of the building take-off in 1980

The contribution from the high-margin engineering supplies division declined from 26,8% to 24,5% of overall operating profit Negotiations with Hawker Siddeley (Africa) came to nothing after talk of a merger with Blue Circle's engineering subsidiary Hubert Davies Hawker's electrical equipment product line could have complemented that of Davies But Coulson says that new investment opportunities have now been given a lower priority since the group believes its growth objectives can be met from existing activities He adds that the electrical interests have been strengthened by the merger with Cullinan Holdings, in which Blue Circle now has a 30% stake

The heavy equipment division, which was budgeting for a profit improvement last year after breaking even in financial 1980, failed to make headway against overseas competition in the mining supplies market. The result has been a small decline in the division's pre-tax profit and a decline in its contribution to the overall operating profit from 13,5% to 12,8% Locomotive manufacturer Tractec was established during the year, but new product launches were inhibited by increased competition in the mining and construction markets

The contracting division showed a



Blue Circle .. Lichtenburg affects returns

term by Library staff.

ESSAY/ASSIGNMENT PREPARATION

Typing is strongly recommended. Where handwritten work is presented, a high standard of legibility and neatness is required.

One side of the page only should be used, and typewritten work must be double-spaced.

A generous margin should be left on the edge of the page to allow for the evaluator's comments.

An abstract is generally desirable, i.e. a brief statement at the outset on the content of the essay.

Students should state clearly on the front page: name, course, date, and name of lecturer/tut

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Research papers/essays w ... ster as part of
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Horrell, M.
1969a South Africa' ... African Insti-
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1969b A Survey of R ... 1968. Johannes-
burg: South A ... ions.

Johnstone, F.A.
1970 "White prospe ... th Africa today."
African Affai

Republic of South Afric
1974 Gross Geograp ... trict, 1968.
Pretoria: Gov

Wilson, M. and L. Thomp
1969 The Oxford Hi ... London: Oxford

marked improvement during the year, lifting divisional pre-tax profit by 189% to R6,8m (R2,3m) and increasing its contribution to total operating profit to 20% against 7,3% the previous year. This resulted from the ironing out of a number of problematic contracts and the shutting down of the loss-making manufacturing works. The directors say the division currently has "substantial" order books and the prospects for increased profitability this year are encouraging.

Group finances are sound, although the debt equity ratio climbed to 51% (44,1%) despite the increase in shareholders' funds. While this still leaves room for additional borrowings, the bite of last year's higher interest bill is significant and the ambitious capital expenditure programme signals a similar impact on pre-tax profit in the current year.

Until recently, group financial strategy has dictated that interest and leasing payments be covered at least 4 times by gross profit. Last year the cover was 3,8 times, indicating that Coulson's prediction of a deviation from previously conservative financial targets has already come into effect.

Although demand for cement products remains reasonably strong, performance in this division could well slow down as the year progresses. Prospects for the current year are certainly less bright than they have been for some time and I tend to agree with Coulson's statement that profit growth is likely to be inhibited until there is some revision of the controlled price of cement. The industry is currently under investigation by the Competition Board.

With that in mind, Blue Circle seems unlikely to achieve earnings growth more than marginally above the inflation rate this year. On this basis, and in view of the group's track record, earnings could reach 125c a share by year-end. Since cover is unlikely to be reduced, this points to a total payout of around 44c, which places the share on a 9,4% prospective yield. This is reasonably attractive, despite the uncertainty of short-term prospects.

Chris Wilson

193

Mercury 4/3/82

Work stopped and restarted

Mercury Reporter

THE entire workforce of Tongaat Milling in Estcourt downed tools yesterday morning in support of their demand for the dismissal of a supervisor.

A spokesman for Tongaat Group head office said about 150 workers had stopped work but had returned to work by lunchtime.

He said the workers' return had followed talks between representatives of the Fosatu affiliated Sweet, Food and Allied Workers Union and management.

The spokesman said management would not discuss the workers demands under pressure and urged that they return to work.

Agreed

Management said once the workers had returned it would investigate their complaints.

A union spokesman said management 'had agreed tentatively to try to transfer the supervisor and to investigate workers' grievances'.

At Corobrik in Durban, 52 workers who downed tools earlier this week have returned to work.

A spokesman for the company said the workers had stopped work on Monday after six had refused to work on Friday because 'the task was too heavy in the heat'.

Management had said the six workers could leave but they would have been considered to have dismissed themselves.

The rest of their team then downed tools on Monday in support of their colleagues.

The spokesman said that by yesterday everything was back to normal and all the workers had been re employed.

Anglo Alpha to spend R875-m on expansion

(193)

S. Times 7/2/82

ANGLO Alpha, the cement, lime, quarrying and industrial giant, has expansion and modernisation plans that will require capital expenditure of R875-million.

The timing of the expenditure will vary with options followed, but by 1990/91 the programme will result in an increase in total capacity in the cement division of about 81%, raising present available tonnage from 2,7-million tons to 4,5-million tons.

This excludes replacement of 600 000 tons of outdated capacity.

By Andrew McNulty

Capacities in the lime and limestone division and the stone and industrial division will be doubled, but due to replacements the effective increases will be about 80%.

These were among points disclosed by Dave Baker, managing director of the R240-million company, in a wide-ranging interview.

Net income in the year to December 31 rose by 27,6% to R27,193-million on a 26% rise in turnover to R237,862-million

Commenting on release of the annual report — which forecasts "another good year" in 1982 — Mr Baker also made the following points·

- Profitability of the group, which has well-earned blue-chip status after compound earnings per-share growth averaged 45% in the past five years (giving Anglo Alpha a Sunday Times royal company rating), should be maintained

"We expect average growth at least at the level of the inflation rate plus the growth in the economy."

The industry as a whole, Mr Baker says, is expected to show long-term real growth of at least 5,5% a year

- Sales volumes by Anglo Alpha so far this year are in line with its budgeted profits growth of 2%.

Senbank forecasts negative 2% growth for the cement industry in 1982, while the Cement Marketing Organisation expects positive 4%.

- Shortages of cement have been eliminated. Northern area producers are operating at about 90% capacity utilisation, but Anglo Alpha's level is below 90%, and with planned expansions will return to normal levels of 85%.
- With cash to spare and problem areas now all divested or cleaned up, the group is keen on acquisitions in current or related fields of activity.

Acquisitions could absorb as much as R60-million if opportunities that meet profitability and other objectives arise

- Cash-flow projections indicate that growth plans should be financed comfortably from internal resources and borrowings. Debt-equity ratio, now a conservative 30%, could rise to about 40%

The capital expenditure programme for 1982/1986 calls for spending of R405-million, of which R310-million will be on expansion and R95-million on replacement of existing plant.

The amount will be spent at an average rate of around R80-million a year, but the heaviest spending period will be in 1984.

Among major projects in this period, a fifth cement kiln will be constructed at Ulco, costing R150-million

● To Page 3

Anglo Alpha's expansion

● From Page 1

and planned to produce 1,3-million tons of clinker Commissioning is planned for the end of 1984

This will replace the present 600 000-tons-a-year wet process plant and will provide additional capacity of about 600 000 tons

The new R150-million, 450 000 ton/year clinker factory near Port Shepstone being developed by Natal Portland Cement — in which Anglo Alpha has an interest of 25% and a capital commitment of R17-million — should be commissioned at the end of 1983

In addition to this five-year programme, a further 1,2-million tons in cement capacity is planned either by an expansion or a new "greenfields" plant at a cost of R120-million

Also, further expansion in the lime and limestone division will require spending of R200-million and the stone and industrial division will call for about R150-million

Mr Baker adds. "We have all the raw material resources such as mining or quarrying rights necessary for our long-term growth."

193

SUNDAY TRIBUNE, MARCH 21, 1982

PROP

Rigid price controls a threat to the cement industry

Property Reporter

CONTINUED rigid price controls could undermine the cement industry's future viability, says the latest issue of the Standard Bank Review.

In the short term, says the review, the industry is facing a period of stagnating demand and falling capacity utilisation but price controls are regarded as the more serious problem.

"Unless adjustments are made to the present price control formula, this may jeopardise the future expansion of cement facilities."

The industry also has to cope with high inflation and producers have had to contend with the rapid rising costs of new plant — averaging 15 percent annually over the past decade. Raw material costs have also climbed steadily.

"There seems little prospect," says the review, "of the industry's cost increases declining significantly in the near future. Against this background looms the constraints of price control, which is the most crucial issue facing the cement industry at present."

Despite the marked slowdown expected in most sectors of the economy this year, the review says demand for cement should continue rising over the next few months as expansion programmes in mining, the public sector and some private sector industries continue.

Large capital projects provide the major market for cement producers and sales patterns therefore follow the investment cycle closely.

Like investment outlays, cement consumption tends to trail the overall economy by up to a year and as the present downturn deepens the capital projects are either completed or their completion delayed, the growth rate in cement sales is likely to drop.

"The market may expand by between one and four percent this year," says the review, "but is likely to stagnate in 1983 and early 1984. An actual fall in consumption is possible during the latter period."

Because of long lead times and the high cost of new plant the cement industry has been forced to plan further ahead than many other sectors and the producers' capital outlays over the next five years are estimated at about R1,2 billion.

No major plant expansions are planned for commission during the next 18 months but the Simuma plant at Port Shepstone is expected to come on stream in late 1983, giving Natal its first cement production facility.

A 1,2 million tons a year plant is planned for the northern Cape in the mid-1980s and these two projects alone will raise existing capacity by about one-fifth — to well over 10 million tons a year.

There are also plans for significant expansion of plant near Lichtenburg in the Western Transvaal and another company is believed to be investigating the viability of an export-orientated facility at Saldanha Bay.

Comments the review: "While these large expansion plans could lead to considerable over-capacity in the event of cement demand weakening more than currently projected, the industry then has the option of closing down relatively old and uneconomic wet kiln capacity.

"This involves about 1,5 million tons a year capacity which would reduce the threat of large over-capacity while improving the industry's operating efficiency."

'E TOWN
/ER BOOK

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EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank

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Examiners' Initials		

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WARNING

1 No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed
2 Candidates are not to communicate with other candidates or with any person except the invigilator
3 No part of an answer book is to be torn out
4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

ible to disqualification and to possible exclusion from the University

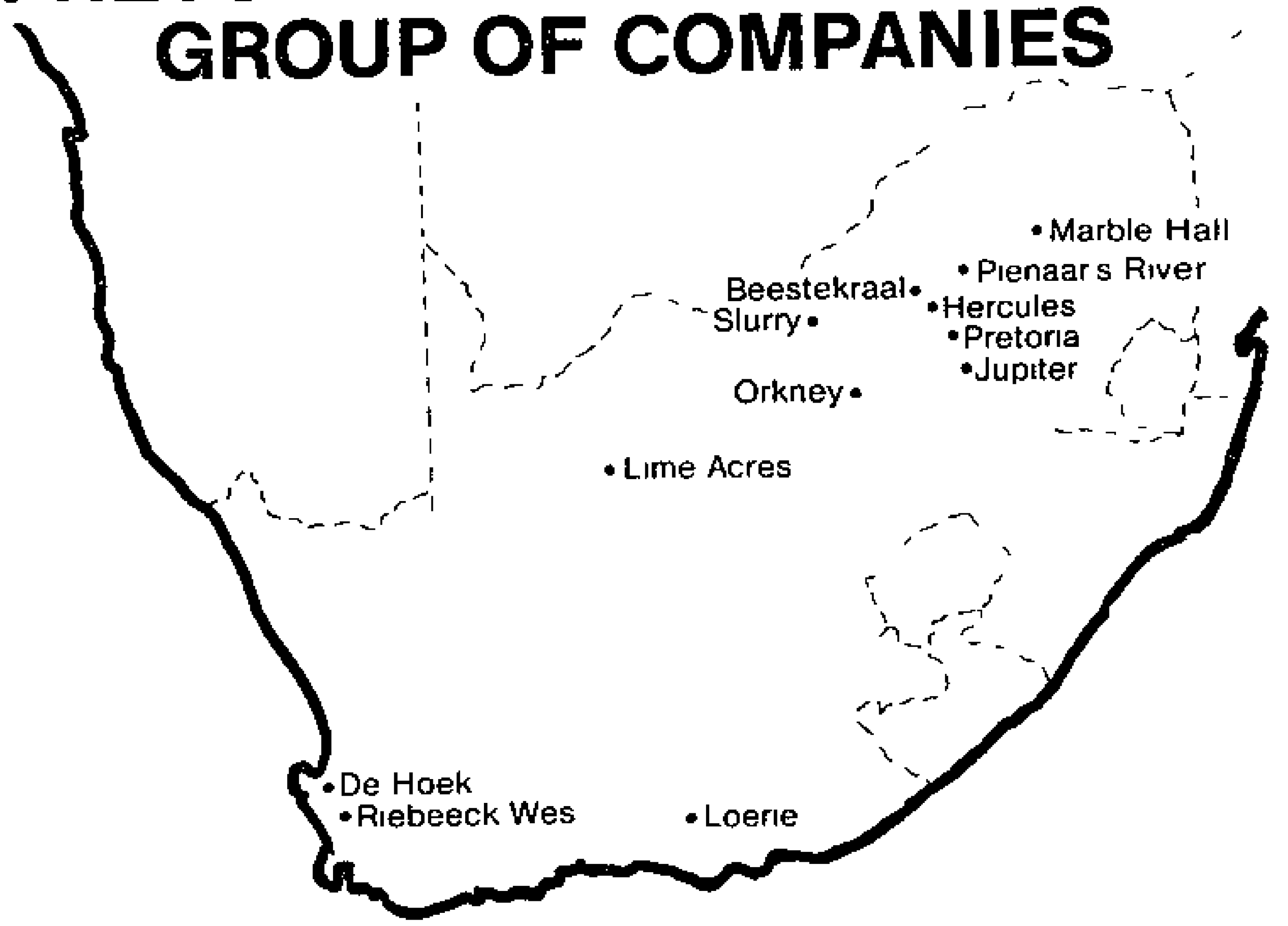
(293)

193

S. Express 21/3/82

People Producing Cement that's PPC

PRETORIA PORTLAND CEMENT GROUP OF COMPANIES



Cement and lime are essential elements of modern day life, as well as being fundamental to commercial and industrial growth We have embarked on a development programme which will take us well into the nineties and will ensure that we remain the major producers in our field. Our existing limestone deposits will last well beyond the turn of the century and in keeping with our philosophy on social responsibility we have an extensive programme of environmental restoration and reclamation To maintain our position and fulfil our obligations we have a team of dedicated professional, artisan, and operator staff, backed by a strong work force, totalling over 4 600 people.

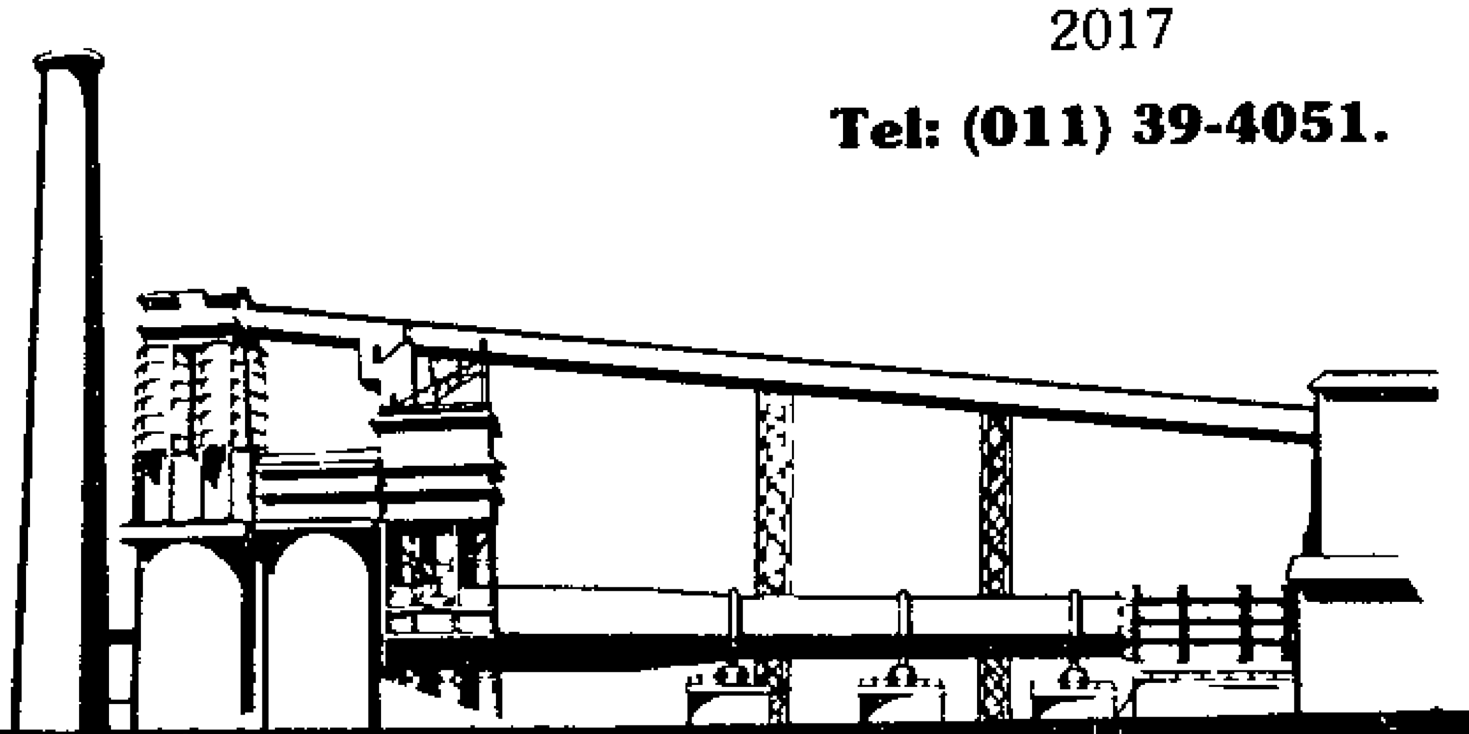
The Pretoria Portland Cement Group of Companies

* Is the major producer of cement and lime in South Africa
* Is wholly South African owned and a member of the Barlow Rand Group
* Can provide excellent career opportunities and rewarding employment
* Was established in 1892 and is still growing
* Has capital assets with a replacement value of R498 million
* Has an annual turnover of over R230 million
* Provides in house and external training opportunities

Our Group has operations throughout South Africa We offer competitive salaries with a Christmas or leave bonus Pension fund, medical aid fund membership, group accident insurance and relocation expenses are among the benefits offered Company housing is available at our works and quarries and company cars are provided in the case of senior appointments We have a limited number of vacancies in the engineering and chemical professions for the younger man wishing to consolidate his career as well as for artisans in the electrician, fitter and boilermaker, trades

If you would like to know more about us please write or call -
The Employment Adviser
P O Box 31181,
Braamfontein,
2017

Tel: (011) 39-4051.



Pretoria Portland Cement

itten by FRANK JEANS

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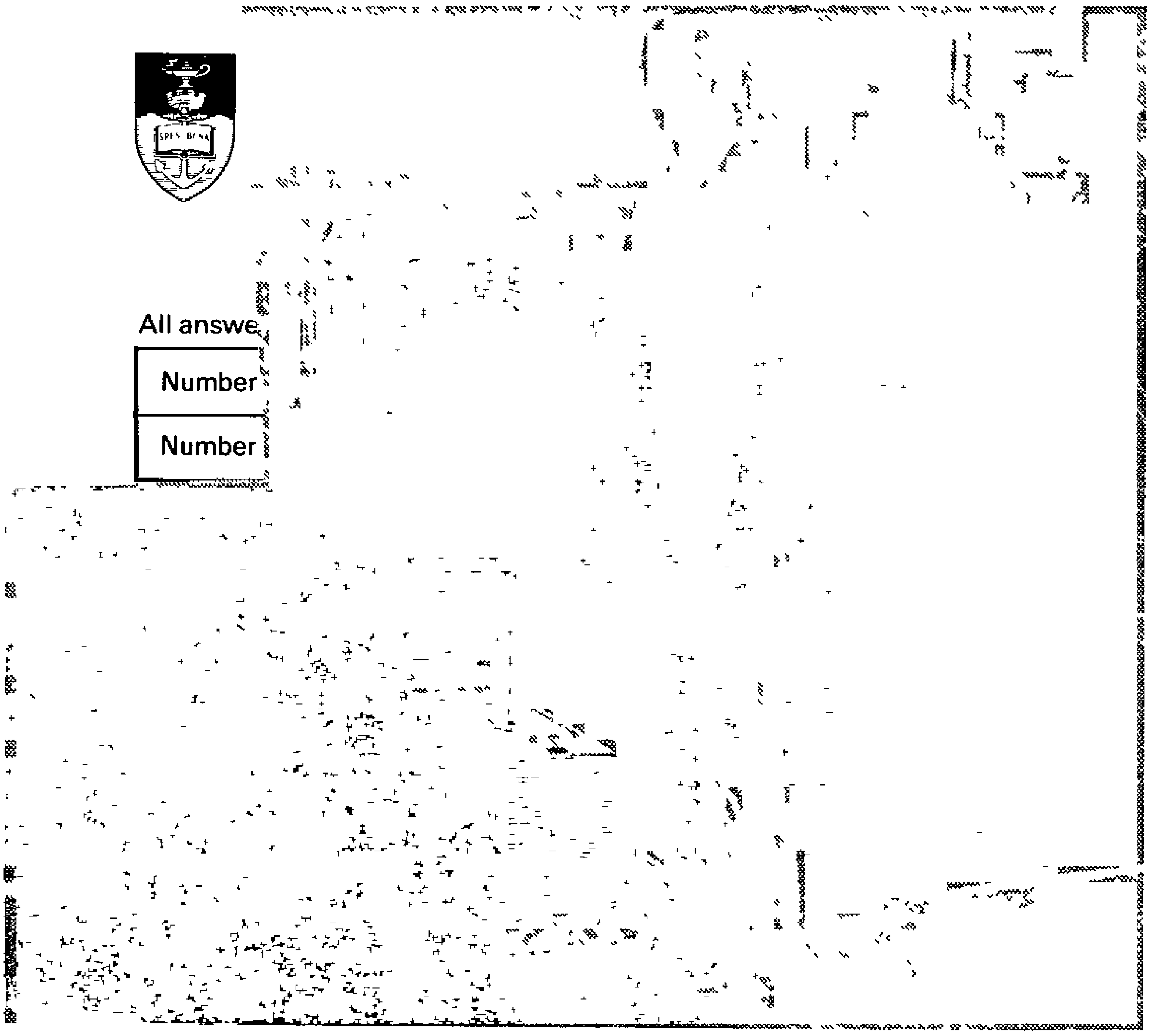

Mr Ray Andrews, marketing manager, Corobrik Transvaal — and, in the background, Corobrik's new cement brick factory at Sasolburg.

193) Star 23/3/82

Corobrik ending shortage

Corobrik, major national producer of bricks, has taken big strides to end the shortage which has plagued construction sites with the bringing onstream of its new factory at Sasolburg

The factory, opened by Corobrik's managing director in the Transvaal Mr Errol Rutherford is operating at full capacity This means that more than 36 million bricks a year will be produced — an output which will go a long way to meeting growing demand in the Transvaal

REQUIREMENT

The factory uses by-products of the Sasol process as part of the raw-material requirement in the brick-making process

Mr Rutherford says· "The quality cement bricks we produce at Sasolburg can be used with the same confidence as the normal clay brick The SABS mark has been applied for, as it is the company's policy to produce products of high and consistent quality"

At present, products from the factory are readily available and there are no delivery delays.

"From the start of the process," says Mr Rutherford, "quality is an important consideration. The incoming raw-materials are carefully milled to predetermined specifications before being blended with cement and additives"

FACILITIES

One of the advantages of a cement-brick factory is the ease with which the facilities can be increased to double production. Corobrik believes that this will become necessary as demand for the product increases

The cement bricks are competitively priced compared to clay bricks, the cost a 1 000 being R48,75 for cement-plaster bricks.

Subject Economics 1B
(to be copied from the heading on the Examination Pape

Paper No 1
(to be copied from the heading on the Examination Paper,

NOTE CAREFULLY

1 Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
2 Blue or black ink must be used for written answers The use of a ball point pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used
3 Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book (s) are used

WARNING

1 No books, notes, piece rial may be brought in unless candidates are s
2 Candidates are not to candidates or with any lator
3 No part of an answer b
4 All answer books must sioner or to an invig examination

Any dishonesty will render the candidate liable to disqualification and to pos University

Made in South Africa PSL/PD UCT

CAPE TIMES
25/3/87

Control on bricks abolished

Staff Reporter

PRICE control on a wide range of building materials is to be abolished a press statement by the Minister of Industries Commerce and Tourism Dr Dawie de Villiers said yesterday

Following recommendations by the Competition Board, it had been decided to remove price control on burnt clay bricks river and pitsand cement, slag cement and mixtures thereof and crushed stone and crusher sand, the statement said

An additional recommendation by the Working Group on Price Control had also been accepted by the government which meant that materials ranging from burglar proofing to wood blocks would also no longer be subject to price control

The Government Gazette would give effect to these decisions in a notice to be published tomorrow the statement said

Dr De Villiers said a close watch would be kept to ensure that manufacturers, suppliers and distributors of the building materials adjusted their prices

14

ROM (193)

25/3/81

Building price controls lifted

Mail Reporter

PRICE controls will be lifted tomorrow on most building materials, Dr Dawie de Villiers, the Minister of Industry, Commerce and Tourism, announced in Cape Town yesterday

But in the short term building costs are not likely to escalate wildly

South Africa's largest brick producer, Corobrick, has already agreed to hold the price controller's previously granted 17% increase for at least six months

"After that period, some prices will of course rise," said Mr K Nurcombe, group marketing manager for Toncoro.

"The products which are expensive to make, like face bricks, will be most affected Other prices should stay constant, and we may even be able to drop the prices of materials used in low-cost housing"

Mr G Taylor, executive director of the SA Cement Producers' Association, said cement prices would rise soon, to compensate for the rail price increases due to come into effect on April 1

But the cement producers are due to meet Dr De Villiers on Friday to discuss the increase

Mr Lou Davis, executive director of the Building Industries' Federation of SA, was jubilant

Brick-makers to decide on cost

193

Mercury 26/3/82

Property Editor

THE COUNTRY'S major brick-makers, sitting on a stockpile of 28 million bricks in Durban and Pietermaritzburg, were yesterday understood to be pondering a decision on what to charge for them following, a Government nod to a 17 percent price increase.

Mr Keith Nurcombe, sales manager for the Durban-based Corobrik Group, part of Toncoro, confirmed yesterday it was usual for price increases to apply to all products, whether in stock or still being made

But he said prices were left to regional executives — up to the maximum they are at present allowed to charge.

Mr Nurcombe reiterated that the new prices of bricks, granted by the Price Controller on Budget day, would be held for six months, in spite of a parallel statement by the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, that building materials, including bricks and cement, were to be freed from price control

He pointed out he could speak of the new prices only on behalf of his own company, which had been granted a 17 percent increase instead of the 19 percent requested

Stockpiles

'The brick industry does not ask for an increase,' he said 'It is up to individual companies to approach the Price Controller, although they usually follow us'

He said the present stockpile position for common bricks was 26 million in Durban and two million in Pietermaritzburg The shortage of face-bricks across the Province was, however, continuing

Commenting on the increase permitted by the Price Controller, Mr Nurcombe said it should be remembered that Corobrik had not received all it had asked for

The company, he said, would take a responsible attitude towards further increases when necessary

The South African Cement Producers' Association, on behalf of Anglo Alpha, Blue Circle and Pretoria Portland, welcomed the announcement of the abolition of price control.

A statement said. 'Looking to the future, the industry will conduct itself in a responsible manner consistent with achieving the profitability necessary to encourage further investment in this strategic inducstry

'With regard to pricing adjustment, in the first instance it is obvious that the rail tariff increase announced by the Minister of Transport will be implemented and passed on to customers

Raw materials

'Second, the unavoidable cost increases by the producers during the past year in respect of raw materials, power, labour and other costs, will need to be recouped in a price increase

'These matters will be the subject of a separate announcement to be made in due course'

While the full impact of such price increase to these and other raw materials are not yet known, one home-builder in Natal forecast the cost of new homes in the area would increase — but only at about the rate of inflation

Mr Reg van Rij, chairman of Derreg Construction, said he believed in principle that price control should have been abolished But he appealed to companies, some of whom were in a semi-monopolistic position, to behave responsibly 'with their new-found freedom'

He forecast new house prices would increase in 1982 by 12 to 15 percent, as demand pressures were falling and competition for tenders was tightening

Mr van Rij said the big crunch in home-building was still not the supply or cost of materials, but the cost of money

'An increase of one percent in the mortgage bond still has more impact than even a 20 percent rise in brick costs People buy houses on the basis of how much a month it costs — that is the key'

193 S. Tribune 28/3/82

Big cement rise worries builders

By Dave McDermott
Property Editor

FOLLOWING hard on the heels of the 17 percent hike in the price of bricks announced this week, an increase in the price of cement by as much as 20 percent is expected next month

While welcoming the lifting of price control on these and other materials the building and civil engineering industries are worried about the effect of the increases, particularly as they believe the escalation formula applied under-compensates

"The increase in the price of cement will be not less than 15 percent and perhaps as high as 20 percent," says natal regional secretary for the South African Federation of Civil Engineering Contractors, Vic Church

He says Safcec has been warned by the Cement Marketing Organisation to expect a price increase and the association was told that it would take into account not only increased costs of production and rail tariffs but also the cost of the cement that was imported from Taiwan during the shortage experienced last year

Also of concern to the civil engineering industry is the fuel price increase effective from April which will provide another upward pull on the cost of construction work

"Contractors do worry that they will not be adequately compensated by the escalation formula," says Church, adding that Safcec's attitude is that every tender should be subject to escalation clauses but that this was only binding for members on contracts valued at more than R500 000

Since November last year new indices for plant and materials have been applied to the civil engineering industry which reflect more accurately and realistically escalation

Director of the Natal Master Builders' Association, Pieter Rautenbach, says the escalation formula is generally under-compensating

All the hue and outcry that used to be heard that the formula was over-compensating has disappeared like mist before the sun Now developers and clients are getting the better part of the deal.

"The indices of the formula will be adjusted to take in these increases but it is still under-compensating"

Rautenbach says increases in the price of bricks and cement always have a marked effect but they were to be expected at this time of the year However, the timing of the increases and the lifting of price control was rather remarkable

For the building industry in general, he says, things are starting to slow down "It is not quite the hunk-dory situation we had six months ago."

Local builder Reg van Rij, who is managing director of Derreg Construction, says as a believer in the free enterprise system he welcomes the lifting of price control

While there may be short-term hiccups, he says, in the longer term the freedom of the system will make it more attractive to entry, to expenditure of capital on plant and eventually work better for the benefit of all

The brick price increase was not unexpected "Price increases have a negative side and these increases will affect everybody but to qualify the effect is impossible"

The present high interest rates are a far more pertinent factor, Van Rij maintains. If the rates come down, building would increase despite hikes in materials costs.

Accommodation Budget boost not enough, warns Sapoa

CONCESSIONS announced in the B[illegible] at sparking construction of accom[illegible] rental fall far short of being real ince[illegible] do not increase sufficiently develope[illegible] capital invested.

This reflects the general feeling [illegible] perty industry and although the con[illegible] been welcomed, they are regarded as [illegible] stimulus".

But the two percent depreciati[illegible] plus the 10 percent initial allowance [illegible] a project is seen as a psychological [illegible] for property development, particu[illegible] bond finance drought continues

Property men say the risk fact[illegible] the present climate of uncertaint[illegible] rising costs coupled with rent conti[illegible]

Don Kennedy, executive direct[illegible] Property Owners' Association (Sa[illegible]) company with shareholders is still [illegible] entering the rental development fie[illegible] rent control and the Government's [illegible] in continuing to phase out the rest [illegible]

Sapoa's sectional title commi[illegible] Philip Gershater says in view of [illegible] interest rates and other costs of bo[illegible] it is doubtful if there will be much [illegible] the private sector at least in the m[illegible]

"In spite of the new allowance b[illegible] it is still difficult for developers to [illegible] able investment returns on rental ac[illegible]

Kennedy applauds the greater [illegible] money for community, developme[illegible] housing.

SOUTHERN AFRICA LABOUR AND DEVELOPMENT RESEARCH UNIT

FACT SHEET NO. 1

REGISTERED INDUSTRIAL COUNCILS IN SOUTH AFRICA

AT AT 31 MAY 1981

INDUSTRIAL COUNCIL					TRADE UNION PARTIES		EMPLOYER PARTIES	
Name	Area of Jurisdiction	Main Agreement No. & Date	Period	Variations in Scope	Name	Variations in Scope	Name	Variations in Scope

CAPE TIMES 1/4/82

Cement up 17 percent today

Staff Reporter 193

CEMENT is to go up in price by an average 17 percent from today

The rise announced yesterday by the Cement Producers Association in Johannesburg follows a similar rise in the price of bricks last week and will add hundreds of rands to the cost of an average home

According to the association the producers price increase will be 26 05c per 50kg bag

Increased railage charges on raw materials to factories would also come into effect today varying according to destinations the association said

BUSINESS BRIEF

Gold (close)	$320,00
FT index (close)	568,50
RDM 100	571,10

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…ent spokesman …he Conservatives …ing the party in a … said that they … cold feet in the … ger

…e Government … after the other …ntinue their re… attack on their colleagues, the … of the Budget debate became more a confrontation over the survival of the 'Afrikaner volk'

The Nats weighed in with two ministers and a deputy during the afternoon's debate and once again entirely overshadowed the dissidents

The main charge was that Dr Treurnicht and his 15 followers had not had the courage to stick with the party in a time of crisis and that they had chosen to split the party and Afrikanerdom over the meaning of a few words

Both sides relied heavily on recalling the past and statements either by previous Nat leaders or serving members to show that the other was wrong

Mr Hendrik Schoeman, the Minister of Transport, Dr L A P A Munnik, Minister of Health, and Mr Sarel Hayward, Deputy Minister of Agriculture, all laid into the CPSA

One of the spin-offs from the split has been that Government members are expressing themselves more openly now than they were able to while the rebels were in their midst, particularly on the coloured question

A prime example of this was Mr Gert Terblanche, MP for Bloemfontein North, who said in an extremely verligte speech that the CPSA had become bogged down in old concepts when it should have been moving forward with the National Party

If the aspirations of the coloureds were overlooked, the potential for conflict was so great that it would not be in the interests of the whites

…jected …lezi report

…ich conflicted … policies …der Walt said …ommission was … attempt to di… from the rest of … and to have it …ed separately …d the PFP of …e the Govern… taking a stand …ssion when …f had not yet … decision on …pted

… Raw, leader … Republic Party, who has become involved in a heavy clash with Chief Buthelezi over the NRP's rejection of the commission's report said that the PFP had accepted nothing else but a transfer of power to the majority

Mr Raw said that the NRP had not been prepared to accept a legislative assembly elected on a common role and the election by the majority of a chief minister who would then appoint his own executive

New laws to counter intimidation and ban demos near courts

CAPE TOWN—The Minister of Law and Order, Mr Louis le Grange, gave notice yesterday of legislation to combat intimidation and to ban demonstrations in or near court buildings

Both measures flow from the recommendations of the Rabie Commission report on security legislation, accepted in principle by the Government Details of the Bills will not be known until they are published but, if they follow the Rabie recommendations, both will be short

The Rabie Commission proposed an intimidation Bill with a maximum penalty of a R20 000 fine, or 10 years' imprisonment, or both It would affect attempts to compel or induce a person to commit, or refrain from committing, any act or to adopt or abandon a particular standpoint

Offences would include assaults or threats to assault, injure or damage the person concerned or any other person.

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…ils would the decentra… … 'yet again … intention to …ial develop… …itan areas'

…hasi… dressed effectively if attention is focused primarily on the mining sector, the service sector and especially the agricultural sector'

The Government said that in spite of concerted efforts by the various governments to promote economic development in the less developed areas, the unequal distribution of economic activity remained a major problem

'Progress in this regard has not come … expectations and it has become … approach to the devel… …s req… of industrial development entailed 'the creation of a climate conducive to such development and the provision of the necessary infrastructure

'It has to be stressed at the outset, however, that the governments concerned will concentrate their provision of supporting infrastructure on a limited number of identified industrial development points

'The governments concerned also realise that the provision of certain guarantees to industrialists and financial institutions is an essential incentive for the establishment of industries in cer… …d areas'

Cement (193) and stone prices raised

Mercury 14/…

Mercury Reporter

COSTS of crushed stone and cartage increased yesterday and an immediate 11 percent increase in the price of cement also was announced

Mr G E Taylor, executive director of the South African Cement Producers' Association announced cement prices would rise today by 26,05 c a 50 kg pocket

'The reason for the adjustment is a recoupment of unavoidable cost increases incurred by the producers during the past year in respect of raw materials, power and labour,' he said

13 percent

'At the same time, the increased railage charges on raw materials to factories and on outward railage on cement will come into effect and will vary according to destination'

Associated Quarries yesterday announced a 13 percent increase in the price of crushed stone

In addition, the cartage rate has gone up by 13 percent which meant an overall rise of R1,10/m³ to transport crushed sand over the first kilometre and 25c/m³ for every kilometre thereafter

These increases in cartage rates also apply to Verulam Quarries and Canonby Quarries

A loading fee equal to 10 percent of the bin price will apply to all products picked up from Associated Quarries from today.

A spokesman for the quarries said yesterday the increases were necessary because of inflation

THURSDAY, 1 APRIL 1982

†Indicates translated version

Y X

~~For written~~ reply

(193) Hansard Q Col 537 – 539 1/4/82

Baked/cement brick manufacturing firms

291 Mr G S BARTLETT asked the Minister of Industries, Commerce and Tourism

(1) How many (a) baked and (b) cement brick manufacturing firms were registered with his Department in each of the latest specified five years for which figures are available,

(2) (a) where were the factories of these firms located and (b) what was the (i) production of (aa) face and (bb) common bricks and (ii) capital invested in respect of each factory in each such year

(3) which (a) new factories commenced production and (b) existing factories (i) expanded production and (ii) were closed down in each such year?

The MINISTER OF INDUSTRIES COMMERCE AND TOURISM

(1) and (2) The information is not available as it is not incumbent upon any brick or cement brick producer to register with the Department

(3) Particulars are only available in respect of the Tongaat Corogroup Ltd (the Corogroup) This group is the largest single manufacturer of face and stock bricks in the Republic of South Africa The desired information in respect of the Corogroup is as follows

(a)

Location	*Year*	*Capacity per year*
Henley	1980	44 million face bricks
Lawley	1981	69 million face bricks
Odendaalsrus	1981-'82	44 million mixed bricks

(b) (i) For the Corogroup as a whole the production at existing factories has been expanded as follows

1978 59 million bricks
1979 62 million bricks
1980 60 million bricks
1981 65 million bricks
1982 73 million bricks

(ii) None in respect of the Corogroup

Cement manufacturing firms

292 Mr G S BARTLETT asked the Minister of Industries, Commerce and Tourism

(1) How many cement manufacturing firms were registered with his Department in each of the latest specified five years for which figures are available

(2) (a) where were the factories of these firms located and (b) what was the (i) production of cement and (ii) capital invested in respect of each factory in each such year,

(3) which (a) new factories commenced production and (b) existing factories (i) expanded production and (ii) were closed down in each such year?

The MINISTER OF INDUSTRIES COMMERCE AND TOURISM

(1) Cement manufacturing firms are not compelled to register with the Department There are, however only three such manufacturers in the Republic namely

2/4/82

RDM

193

Bifsa accuses cement barons

By PENNY CUMMINS

THE cement industry is intent on financing capital expenditure solely out of profits, says Mr Lou Davis, executive director of Bifsa.

The price of cement to the wholesaler has risen 17% The producers obtained an increase of almost 11%, and the Cement Producers Association attribute the rest of the price leap to increased rail costs The retail price increase could exceed 20%.

The cost of cement and other building materials was decontrolled last month, but the Minister of Commerce, Industry and Tourism, Dr Dawie de Villiers, extracted a promise from the cement producers that they would peg their initial increase at the level already granted by the Price Controller

The producers' increase will add 26,4c to the price of a 50k pocket of cement.

Mr George Taylor, executive president of the Cement Producers Association, said the price rise was considerably less than the inflation rate over the past year

"We want to recoup the unavoidable cost increases of raw materials, energy and labour Because cement is a strategic industry with long lead times for developing plant, we have to plan ahead"

The industry would spend R1 200-million on expansion in the next five years.

Mr Davis said he was not convinced that the cement producers had acted in a completely responsible manner.

"Cement is a primary commodity, and because of the nature of the industry in South Africa producers operate under extremely privileged conditions of marketing and competition

"It is difficult to reconcile oneself to the need for an increase of approximately 17% when one remembers the performance of the cement companies over the past year as published in their latest financial reports.

"One company records increased profits of 23,7%, and another reports a 34% increase in earnings

"Once again the cement industry appears to be disregarding basic economic principles, and seems intent on financing capital expenditure solely out of profits

"Let us hope that outside competition will react to the unfortunate position in which the public finds itself"

Mr Taylor was not prepared to comment on Mr Davis' remarks

Bricks price up in PE — again

193 E.Post 3/4/82

Property news

by **Ralph Jarvis**

BRICKS, bricks, glorious bricks Expensive on Sunday, more expensive on Monday and more expensive yet this coming Monday

With the lifting of price control on many items of building material, these essential elements in building are back in the news

The price, "ex-factory", has gone up by an average of 17% but, we have been assured, this increase actually had nothing to do with the lifting of price control and was, in fact, the result of an application made to the Government in January

One of the big arguments in favour of the lifting of price control was that prices under this system were artificially stimulated and that, outside this system, free market forces would be allowed to prevail, something which would lead to a stabilisation of prices and improved production

A lower price?

Don't hold out too many hopes on that score There are hopelessly few examples of articles which have reduced in price!

Last week, Toncoro pledged to hold prices for six months from March 29 (Monday this week)

Yet PROPERTY POST was told two days later that as far as bricks in the Port Elizabeth area were concerned, these will be subject to another increase as from Monday

These increased costs, we assume, are the result of an improvement in the system of delivery

This, in turn, could work out to the benefit of the builder and the owner

Corobrik said "To offset increased costs, brick deliveries in the Port Elizabeth area will be increased from Monday, April 5, to R17,50 per 1 000 hand-handled commons and to R16 per 1 000 if tipped at the building site

"Face bricks will now cost R17,50 per 1 000 hand-handled".

Last week, Corobrik announced that from Monday, March 29, common bricks would cost R70 per 1 000 ex-factory and face bricks R113 per 1 000 ex-factory

There was no mention then that the price would increase because of delivery costs

But, then, the "ex-factory" label should have been a clue

However, the picture is not entirely negative

Corobrik have adopted a new approach to the transport of bricks and is to upgrade its transport service, according to Corobrik's general manager in the Eastern Cape, Mr Dave Osborn

Traditionally, he says, brick deliveries have been associated with unreliable vehicles in a bad state of repair and with bricks being dumped willy nilly on building sites

"We will now deliver bricks from our Swartkops plant to our customer's back door if necessary and if the truck can get there" he said

"Our deliveries are now being made in well-kept, clean and well-maintained vehicles

"We now make quality products and they must be treated as such

"For instance, we off-load by hand, which reduces breakages and allows for better site control

"Where certain site conditions lend themselves to tipping, we will continue to tip when requested.

"Naturally, face bricks are never tipped

"In addition, we are at present investigating mechanical loading and off-loading systems"

Mr Osborn said many home builders were unaware that they could buy any quantity of bricks directly from the Corobrik plants at Swartkops and Grahamstown

"We will sell any quantity, from one brick upwards, common or face," he said

"All our other products, including attractive clay paving bricks and our clay quarry tiles, which come in a colour range from light golden brown to plum, are also available directly from our plants"

The company has gone beyond the mere supply of bricks

"As a service to the do-it-yourself market we are also able to provide estimates on the quantities needed for a project, if the customer supplies the dimensions"

The brick shortage in the Eastern Cape has eased considerably in the past few months, due mostly to increased production at the two Corobrik plants

"If customers plan their requirements in advance, the delays are minimal," said Mr Osborn

In the meantime, Mr Cedric Savage, chief executive of Toncoro, the holding company for Corobrik, South Africa's largest brick producer, has stressed there was absolutely no connection between the recent average 17% brick price increase and the lifting of price control on building materials

Reacting to suggestions that Corobrik had increased prices immediately after the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, announced the lifting of price control, Mr Savage said the two were completely unrelated and that the price increase had been authorised by the Price Controller under the price control formula — and not by Corobrik

"The price control formula which has been in existence since 1964, builds in the recovery of manufacturing costs, such as labour and energy, which are beyond management control," Mr Savage said

"Using this formula, we applied in January this year for a 19% increase to recover legitimate cost increases

"This was reduced by the Government to 17% and the approved date for the increase was March 29

"It is purely coincidental that Dr De Villiers chose the week before this date to announce the lifting of price control," Mr Savage said

"While we welcome the lifting of price control because it will allow free market forces to prevail and lead to a stabilisation of prices and improved production, we have, in fact, pledged to hold prices for six months from March 29

Ceramics factory lays off 68 workers

193

Mercury 3/4/82

Mercury Reporter

ABOUT 68 workers from the Isithebe Nyloni Ceramic factory were laid off this week following the two-day stoppage earlier this week which involved thousands of workers from Isithebe and the Mandini Sappi mill.

Mr Thizi Kumalo the general secretary of the African Workers Association said the management had told workers who had not come to work during the stoppage that they were not required by the firm any longer.

Workers had remonstrated with the management saying the buses from Sundumbili township had not even operated during the stoppage so it was impossible for them to get to work, he said.

Mr Kumalo said the workers who had not been dismissed from the workforce of about 100 lived in the rural areas and not in the township.

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up of the other areas where there are very ~~both~~ few or no facilities. The people in these regions will not be paying large taxes until such time that they have everything that they need and then their money will go to finance some other area

Negative Tax

This is a tax system introduced mainly to try and overcome poverty, because it is the poverty stricken man who feels the effect of the tax more than anybody else. Poverty is defined as an income level too low to maintain a household at an level which [illegible] ...ed minimal for existence

A negative tax pay... be made by these people to try and bring ... to the required income levels for a minimal ...

Proportional Tax

This is where a fixed ... income is taken off for tax purposes

Argus 5/

Sowetan 5/4/82

193

Brick schools — they took SA by storm

By SELLO RABOTHATA

A RECESSION in the building industry during 1966 and the accumulation of stocks of face and common bricks in the yards of brickmakers was a blessing in disguise for the Brick Development Association of South Africa limited

The recession led to a decision for the creation of a retail market for bricks and the concept of a brick school came into being The object of a brick school movement was to teach the layman how to use bricks for doing elementary jobs at home It was the concept of "do-it-yourself" with bricks

The Brick Development Association hoped to draw do-it-yourself enthusiasts to classes to be instructed in the art of brick laying and how to use expensive raw materials constructively and well A well designed and badly constructed wall is not only dangerous but an eyesore as well Good workmanship could be applied to improve property, and save on the cost of labour

This was the philosophy behind the brick schools, except the main object which was to exploit a market which had been left virtually untouched The first school was launched in Johanesburg during September 1966 The school consisted of twelve two hour classes (one class a week), for which an amount of R29 had to be paid in fees In addition, the pupil had to pay R27,50 for a prescribed set of tools

One hundred and eighty seven pupils enrolled for the course, consisting of 12 facets of brickwork, the basic consideration being that the work must be straight, level and plumb It did not take long for the association to realise that the pupils were fully absorbed in the task of acquiring this elementary skill

As conversation took place between the organisers, tutors and pupils, it became obvious that the organisers were way out in placing, as the major objective in this exercise, the creation of a retail market The retail market was entirely incidental to the whole project The motivating factor was the desire of the pupil to learn — the attendance figure was an average of 98 percent

Investigations showed that the motivating factor of the pupil was his creative instinct, his desire to do something for himself, and the high cost and frustrations of obtaining the services of artisans Linked together, this meant that good workmanship could be put to excellent use and perhaps more gratifying was the spontaneous support which the brick schools generated throughout the country, the Amateur Brick Schools said

Within six weeks of starting the school in Johannesburg, there was a demand for a school in Pretoria It could not be ignored Then in rapid succession followed — also through popular demand — the establishment of schools in Durban, Cape Town, Pietermaritzburg, Port Elizabeth, East London and Bloemfontein

The schools are under the direct control of the Brick Development Association of South Africa Limited on a national basis Architectural students and building science students from the University of the Witwatersrand are also said to have attended the courses

In 1977 a major breakthough was achieved by the successful opening of three bricklaying schools for blacks in Soweto, and more recently, in Lamontville Katlehong, Sebokeng and Thabong Since 1966, more than 20 000 members of the public, of all races and from all walks of life have attended the schools

The Brick Development Association emphasises that it does not, and cannot train building artisans — its schools are run purely to train amateur do-it-yourselfers Many past pupils have substantiated the Associations claim that the first job a pupil does at home will reimburse the amount of money spent of fees and tools

The course is designed for the simpler jobs, such as building a retaining wall, a dog kennel, a braai or an elementary boundary fence Many pupils have undertaken work of much more complicated nature, including garages, outhouses, driveways, extensions to homes and even the construction of a house

With an eye on the future and in order to associate the BDA with black self-help and home improvements, the Association during the latter half of 1980 ran a most successful competition for blacks.

RGUS, MO

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FIFTY of t[illegible] who fasted in[illegible] Cathedral w[illegible] viewed today[illegible] of the Weste[illegible] ministration[illegible] establish[illegible] would be [illegible] status in [illegible] Cape

The cases [illegible] 800 squatter[illegible] the Penin[illegible] proper a[illegible] and legal [illegible] investigated [illegible] next two we[illegible]

This is [illegible] with an und[illegible] to the cat[illegible] ters by the[illegible] co-operation[illegible] ment Dr B[illegible]

The squa[illegible] interview w[illegible] ter last we[illegible] stop their f[illegible] peals for leg[illegible] considered

IMM[illegible]

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Mr Time [illegible] chief commi[illegible] Western C[illegible] first 50 p[illegible] [illegible]ened as[illegible] [illegible] this [illegible] be g[illegible] [illegible] o[illegible] [illegible]ned up [illegible] Bezuidenhoud said [illegible] were being [illegible] so that with this [illegible]formation we can go into their cases'

CHURCH

The interviews are being conducted in the presence of workers of the [illegible] Advice Office

The first people were taken to the inspectors' [illegible] in Langa by church workers

Mr Bezuidenhoud said there was nothing sinister [illegible] officials taking the fingerprints of some of the people

This is merely because [illegible] of the [illegible] do not have proper means [illegible] cation

At the [illegible] of [illegible]

Rise in brick price coincidental, says Toncoro chief

TONCORO, the holding company of Corobrick — South Africa's largest brick producer, has pledged to hold the prices of bricks for the next six months, reports Lynn Carlisle.

This undertaking has been announced by Cedric Savage, chief executive of Toncoro, following last week's 17% hike in the price of bricks by Corobrick which churns out 54% of the country's clay bricks and 47% of the clay and cement brick supply.

Reacting to suggestions that Corobrick had increased prices immediately after Minister of Industries, Dr Dawie de Villiers, announced the lifting of price control, Savage assures that the two were "completely unrelated," and that the price increase had been authorised by the Price Controller under the price control formula — and not by Corobrick.

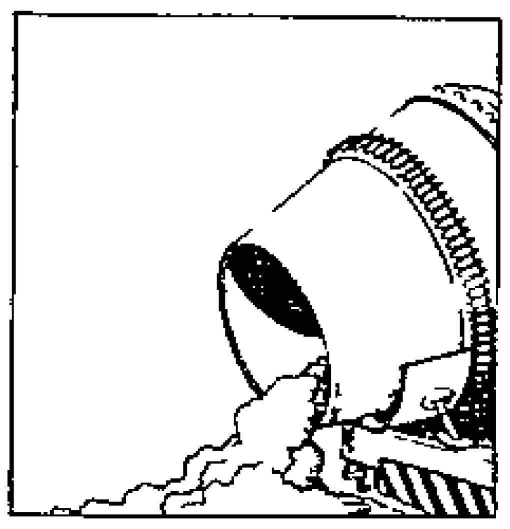
"The formula, which has been in existence since 1964, builds in the recovery of manufacturing costs, such as labour and energy, which are beyond management control."

Using this formula we applied in January for a 19% increase to recover legitimate cost increases.

CEMENT INDUSTRY FM 9/4/82

Setting it free

193



"In general, if any branch of trade, or any division of labour be advantageous to the public, the freer and more general the competition, it will always be the more so"
— **Adam Smith**

South Africa's strategic cement industry has been long dominated by three major producers — Anglo-Alpha, Blue Circle and Pretoria Portland Cement (PPC). This grouping, which could give the appearance of a cartel, has, in the opinion of some, until recently been kept in check by government regulation of the industry. Small wonder then that the recent abolition of price control in the industry (and the immediate 17% price rise which followed) has awakened fears that the consumer price of cement may now take off at a dizzy pace.

The unfettering of the industry comes after years of lobbying by producers. They argued that past increases granted by the Price Controller have not only fallen short of the inflation rate, but were insufficient to justify the large capital spending programmes judged essential to keep pace with expanding demand.

Nonetheless, government's decision to deregulate cement prices — along with the abolition of price control on other building materials — represents a major about-face. The move could add a further 5% to already high building costs. That is hardly likely to prove popular with the electorate. The reason for the shift in policy has not been spelled out, but one industry source believes the decision may have been influenced by government's recent affirmation of its commitment to free enterprise.

The move has, however, come as a surprise to the producers themselves, who held out scant hope of a change in the status quo. Chairman of the Cement Producers Association George Taylor has described the decision as a "lifeline" for producers. While that may be something of an over-statement, there is certainly sound logic in the freeing of the cement price to be determined by the play of normal market forces. This year, total industry sales are expected to be only 4% up on the previous year's 8,1 Mt, compared with a 9,5% increase in 1981. Next year, 1983, is expected to bring zero growth in sales. Flagging demand should therefore put a natural brake on future price rises.

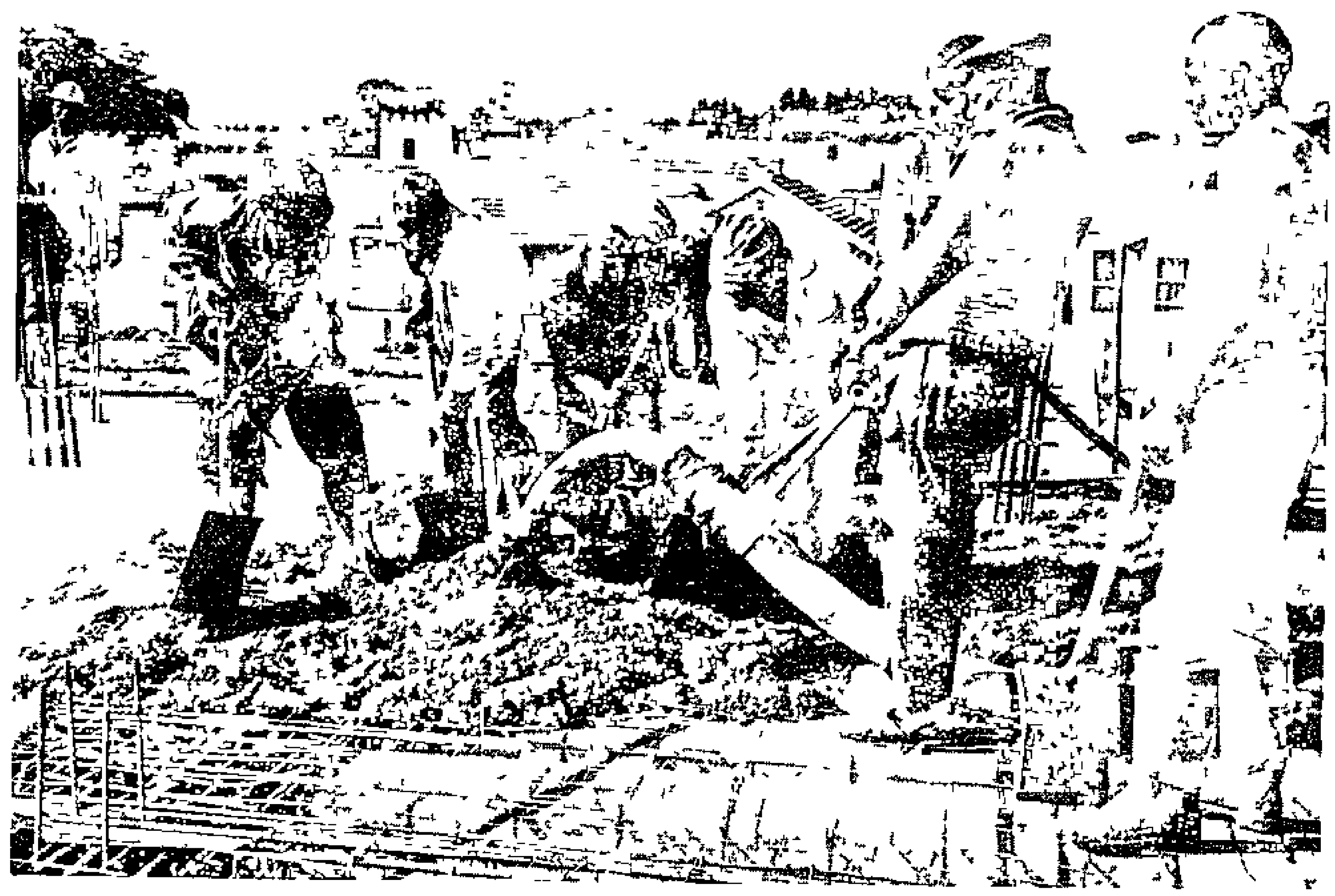
Minister of Trade & Industries Dawie de Villiers is believed to have elicited an undertaking from the cement majors to excercise "responsibility" when contemplating future cement price increases. The industry is also undoubtedly aware that government's recent decision is not irreversible and there remains a possibility of official intervention should further price rises be regarded as excessive. In addition, industry spokesmen have confirmed that there will be no further increases in the consumer price of cement at least in the coming six months.

Despite these assurances, scepticism remains. Some of the reservations appear to centre around the role of the Cement Marketing Organisation (CMO), which markets the output of the producers and carries with it the unfavourable taint of a cartel Lou Davis, executive director of the Building Industries Federation (Bifsa), says he is not convinced cement manufacturers have always behaved in a completely responsible manner in the past "SA cement producers," says Davis, "operate under extremely privileged conditions of marketing and competition"

There is concern that the three cement majors could seize this opportunity to make up some of the lost ground through further price hikes Says Davis "The cement industry appears to be disregarding basic economic principles and seems intent on financing capital expenditure solely out of profits" Ironically, he believes the industry has hitherto been sheltered by price control and that the price increases allowed in past years have been unrealistically high

Naturally enough, the cement producers disagree, but even if Davis's point is accepted, it would seem to lend weight to the argument for de-regulation Blue Circle chairman Trevor Coulson says, however, that improving returns on capital employed in the cement industry have long been dependent on better production efficiencies and this will undoubtedly continue. As Coulson points out, the capital cost of cement plants has increased five-fold since 1971, while the cement price (until the latest increase) only trebled over the same period Cost rises in raw materials, particularly energy and labour, have had to be recovered mainly through steady gains in productivity.

PPC's finance director Chris Wrogemann agrees. "Increasing returns through improving efficiencies has become such a habit in the industry that it is bound to continue," he says He points out that the priority on productivity will have to be maintained since future price rises will depend on escalations in demand, whereas previously the Price Controller's word on the size of increases has been final In the past, that has meant that prices have always risen by the full amount of the increase granted Optimists now note that a fall-off in demand in the coming 18 months could well result in a decline in the consumer price in real terms.


Cement industry ... laying a solid foundation


Blue Circle's Coulson ... efficiencies hold the key

In this connection, however, it is worth noting that roughly one third of the consumer price of cement is made up of railage costs According to the producers, some 7% of the most recent price increase is attributable to the 20% hike in rail tariffs, while 10% will flow through to the producers themselves

The real bite of flagging demand in the cement industry is likely to be felt next year With demand heavily dependent on the volatile building sector, it is common knowledge that, while good times can be spectacular for cement producers, the effects of bad times can be terrible Nonetheless, the major producers have doggedly pegged capital expenditure programmes at levels judged sufficient to cope with future demand

Blue Circle, for example, has earmarked some R200m in capex, which is intended to more than double the capacity of the company's Lichtenburg factory by 1985 Overall, the industry will spend in the region of R1 200m on capital projects in the next four years Wrogemann says this contrasts sharply with the situation in the US, where the major producers had cut capital spending drastically in direct response to continuing price control of the industry Interestingly, SA consumer cement prices are still lower than those in the US

As yet, none of SA's major producers have indicated any intention to increase the level of budgeted capital expenditure since the deregulation decision That may be explained by the flat forecasts for demand in the coming months. But there is little doubt that in the long-term the level of returns is bound to improve. This bodes well for corporate profitability in a market previously trapped by price control

Improved returns for cement producers could well serve to encourage new entrants to the industry Surprisingly, all the major producers are apparently unconcerned about the possibility of increased competition Anglo-Alpha MD David Baker says the group would welcome new entrants to the market and that such a move would undoubtedly prove "beneficial to the industry"

Even so, Anglo-Alpha and the other producers are on fairly strong ground The high capital costs of establishing grassroots plant could prove prohibitive to new entrants The estimated capital cost of a medium-size cement plant is in the region of R250m. In addition, any new producer would have to compete in terms of efficiencies, which have attained a high standard in the industry These should continue to improve as outdated wet kilns are phased out and replaced with more fuel-efficient plant For these reasons it seems unlikely that the composition of the industry will change much in the near future

Despite some vociferous criticism of the deregulation decision, the signs are that the change will be beneficial, not only to the industry, but also to consumers in the long run

More encouraging is the suggestion that decontrol of the building supplies markets could herald a new phase in which government takes a lower profile in the workings of SA's industries *Chris Wilson*

NEW BRICK FACTORY HELPS EASE SHORTAGE

193

S. Tribune 11/4/82

By FRANK JEANS

COROBRIK, South Africa's major producer of bricks, has taken big strides to end the shortage which has plagued construction sites with the bringing on stream of its new factory at Sasolburg.

The factory, opened by Corobrik's managing director in the Transvaal, Mr Errol Rutherford, is operating at full capacity which means more than 36-million bricks a year will be produced — an output which will go a long way to meeting growing demand in the Transvaal.

The factory uses by-products of the Sasol process as part of the raw material requirement in the brick-making process.

Mr Rutherford says: "The quality cement bricks we produce at Sasolburg can be used with the same confidence as the normal clay brick. The SABS mark has been applied for, as it is the company's policy to produce products of high and consistent quality."

Products from the factory are now readily available and there are no delivery delays.

"From the start of the process," says Mr Rutherford, "quality is an important considerations." The incoming raw materials are carefully milled to pre-determined specifications before being blended with cement and additives."

One of the advantages of a cement brick factory is the ease with which the facilities can be increased to double production. Corobrik believes that this will become necessary as demand for the product increases.

The cement bricks are competively priced compared to clay bricks - the cost per thousand being R48,75 for. cement-plaster bricks.

RAY ANDREWS, Corobrik Transvaal's marketing manager, stands on unprocessed aggregate a cement brick at Sasolburg.

PP Cemt spending spelt out

(193) RDM 14/4/82

By JOHN MULCAHY

PRETORIA Portland Cement plans to expand its cement and limestone production at a cost of at least R275-million.

Announcing further details of its planned R600-million expansion programme yesterday, PPC said the first stage of the programme would be a R50-million limestone quarry at Dwaalboom in the Northern Transvaal, expected to come on stream at the end of next year

PPC is also considering establishment of a factory at Dwaalboom, but is looking at several options to expand cement capacity

The expansion forms part of the cement industry's plans to cope with the expected surge in demand later in this decade and in the 1990s

PPC, which has about 50% of the cement market, is engaged on a R75-million expansion in the Western Cape and R25-million is to be spent on existing plants in the Transvaal.

While expansion plans in the cement industry have been under consideration for at least two years, the decontrolling of prices last month has facilitated planning and particularly financing arrangements for expansion

PPC now draws limestone from its Northern Transvaal Pienaars River quarry for cement production at the Jupiter plant in Johannesburg and the Hercules works in Pretoria.

High-grade limestone from Pienaars River is mixed with lower-grade stone from PPC's Beestekraal quarry north of Pretoria for the manufacturing process at Jupiter and Hercules.

Beestekraal has reserves for 30 to 50 years, but Pienaars River, established in 1912, will soon be worked out

The Dwaalboom development involves installation of all infrastructure, including a railway line, water and power, housing and office accommodation, as well as the establishment of a "grass roots" quarry including all plant and equipment

The Dwaalboom quarry will employ 125 people, drawn from nearby Bophuthatswana

Tenders for plant and machinery are being considered and contracts for the main aspects of the plant have not yet been awarded

The project will be managed by PPC's group projects subsidiary Cement Services (Pty)

If the Dwaalboom cement factory is sanctioned — and PPC's managing director, Mr Guy Luyt, says various options are being considered — it will call for a new plant, which together with the quarry development will cost at least R275-million

Mr Luyt says a decision on cement capacity will be taken soon, but even if the Dwaalboom project is given the go-ahead the quarry will have to come on stream at least two years before the factory, so the cement plant at Dwaalboom could only be commissioned at the end of 1985.

● In PPC's annual report, published in November, the chairman, Mr G H Bulterman, said the group would spend R600-million on expanding cement capacity over the next six years

Even if the Dwaalboom cement factory does not go ahead additional capacity will have to be installed elsewhere — possibly by a huge expansion at one of PPC's factories

BUSINESS 2

Plant delays hit sales at Toncoro

193 Star 15/4/82

The Tongaat Coro-group, holding company for Corobrik, largest producer of bricks, has declared a 2c a share higher final dividend, making a total of 33c for the year

Toncoro's preliminary results for the year ended March, 1982, show that in spite of delays in the commissioning of plants and, consequently, lower than expected production levels, as well as a weak demand for common bricks in Natal and the Orange Free State, the group performed satisfactorily

TURNOVER

On turnover, which rose 24 percent to R214 million, Toncoro earned R28,1 million profit before tax

As a result of a lower tax rate arising out of investment allowances, taxed profit amounts to R20,3 million, marginally ahead of the R19,2 million earned in the previous financial year

At the attributable level, group profit amounts to R17,6 million (1981: R16,4-million) or 77,1c a share as against the 76,1c a share earnings for the previous year

The Toncoro chairman, Mr Dick Kemp, says that stocks of bricks were substantially lower at the start of the 1981/82 financial year than at the start of the previous year but the resultant increase in potential sales should have been compensated for by supplies from Toncoro plants

"These plants, including precast product plants, were due to be commissioned or brought to full production this year but our commissioning plans proved to be over-optimistic. This resulted in our expected production levels not being achieved"

CONSTRAINED

Mr Kemp added that in addition to these lower-than-expected production levels, demand for common bricks in Natal and the OFS proved to be weak from December onwards

"As a result of this, the level of sales by volume was constrained in some cases by production and in others by market demand"

At the interim stage, Toncoro reported that the two-month delay in the implementation of the 1981 brick price increase, from April to June of that year, had cost the company about R2,7 million in pretax profits.

CEMENT (193)

Sticking to plan

FM 16/4/82

Despite gloomy forecasts on building industry prospects for this year, Pretoria Portland Cement (PPC) is proceeding with its planned R600m expansion programme over the next six years

It announced this week that at least R275m will be spent over the next five years on cement and limestone production expansion at Dwaalboom in the northern Transvaal

A PPC spokesman says planning has continued for at least two years "and has been thought about for the last 10. It had nothing to do with the recent lifting of price control on cement"

The *FM* was told that in an attempt to keep up with local cement demand, PPC's expansion would have gone ahead even without decontrol "But the derestriction has made it much easier to plan capex with reasonable returns for the future"

MD Guy Luyt says not much of the R275m will be spent this year and it's hoped that when the bulk of the funds is required, interest rates will have started to decline The company, says Luyt, is expected to be "making use of the usual channels to fund the expenditure. I don't think it will be necessary to approach shareholders"

About R30m of the R275m will go to the new limestone quarry Luyt believes PPC's diversification into lime production "will help cushion the downturn" which the building industry is likely to experience over the next 18 months About 35% of company profits are generated at present by the lime division, which has "a tremendous anti-cyclical effect on building industry downturns"

The remaining R245m will be spent on a new cement factory, possibly also at Dwaalboom, but the board has not finally decided location Luyt says PPC's current capacity is sufficient to meet demand until 1985

Volume growth

With an expected volume growth in the cement industry of 4% this year and zero next year there will be little demand for the new capacity, which is expected to come on stream only in 1985/86

PPC hasn't finally decided on plant size for the new cement factory but the *FM* is told that it is uneconomic to commission a kiln to produce less than 400 000 t/year Capacity of the last two kilns commissioned by PPC at De Hoek in the Western Cape and Slurry near Mafikeng were for 600 000 t and 400 000 t Only one kiln is expected to be installed initially at Dwaalboom It will have a capacity of 600 000 - 800 000 t/year

PPC's increased capacity will be matched for the most part by major producers Anglo-Alpha (R405m capex on expansion and replacement of plant) and Blue Circle (R200m expansion through to 1985) Blue Circle capacity will be taken to 2,5Mt/year PPC now has a 45% market share with current 4,5Mt/year capacity

Exports to take up slack capacity are not regarded as viable because of high transport costs which render the exercise unprofitable Exports to neighbouring territories are also unlikely as most have cement production facilities of their own

Says Luyt "Future price increases will be handled in a responsible and conservative fashion"

BUSINESS

SA cement giant plans a R275m production boost

(193) S. Express 18/4/82

NEW PRODUCTS AND PROCESSES

SOUTH Africa's major cement producer, Pretoria Portland Cement, has announced a R275-million programme to increase cement and limestone production.

The company plans a R50-million limestone quarry at Dwaalboom in the Northern Transvaal to come on stream at the end of 1983 In addition, the company will expand cement capacity, possibly by establishing a new factory at Dwaalboom, although the company is looking at a number of alternatives

PPC currently draws limestone from its Northern Transvaal Pienaars River quarry for cement manufacture at its Jupiter (Johannesburg) and Hercules (Pretoria) works

The higher grade limestone from Pienaars River is mixed with lower grade stone from the Beestekraal quarry just north of Pretoria in the manufacturing process at Jupiter and Hercules Beestekraal has sufficient reserves for 30 to 50 years, but Pienaars River, established in 1912, will soon be worked out

The development at Dwaalboom, sited next to the Bophuthatswana border, involves the installation of a railway line, water and power, housing, office accommodation and a new quarry, including all plant and equipment

□□□

KENTUCKY Fried Chicken, whose near dominance of the takeaway chicken market in South Africa has been achieved by a systematic march through the country's residential suburbs, has taken a new tack

It is to open an outlet in Jeppe, Johannesburg, a suburb devoted almost exclusively to industry and commerce and with few legal overnight residents

Explaining the new move, Kentucky's marketing director, Leon Dempers, says company policy is to look at any area where people want to buy food

Jeppe falls neatly into that definition with its hundreds of white and thousands of black consumers

Norman Gaffen, owner of the Grand Station Hotel and Norman's Grill, who is to lease the premises to Kentucky, has already proved there is a need for such an outlet in Jeppe, so Kentucky will move to the corner of Main Street and John Page Drive

□□□

A locally developed fabric has prompted four South African companies to embark on an ambitious project to revolutionise the workwear industry and the protective clothing rental business

The new fabric — a special blend of Trevira (65%) and cotton (35%) — was developed after extensive research by the Trevira Fibres Division of Hoechst South Africa in a joint venture with the Da Gama Textile Group

The third partner is Steiner Linen Services, one of South Africa's largest linen and workwear rental firms, for whom the Berden Group will manufacture the garments

Hoechst joined the venture after Da Gama and Steiner expressed the need for a superior fabric to boost South Africa's workwear rental market, which, at less than 5%, is still small in relation to the outright purchase market

Ian Harris, of Steiner Linen Services, said "We expect the rental market to follow trends in Europe and America, where 70% of workwear is rented"

MONDAY, 19 APRIL 1982

†Indicates translated version

For written reply
~~294~~ 193 Hansard
Bricks Q Col. 625
19/4/82

294 Mr G S BARTLETT asked the Minister of Industries, Commerce and Tourism

What (a) were the quantities, (b)(i) were the values per 1 000 and (ii) was the total value, and (c) were the countries of origin and destination, of face and common bricks, respectively, (aa) imported into and (bb) exported from the Republic in respect of each of the latest specified five years for which statistics are available?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM.

(a) (aa) 5 million bricks in 1981

(b) (i) (aa) 4 million at R320 per 1 000 (selling price)
1 million at R220 per 1 000 (selling price)

(ii) (aa) R1 500 000

(c) (aa) 4 million face bricks from Britain
1 million stock bricks from Zimbabwe

(a) (bb)
(b) (bb)
(c) (bb)
The particulars are either not published or are not readily available. Exports of bricks were in any case negligible during recent years

... yesterday

The packs will be available from certain hardware stores and garages and are designed largely for the occasional user, for whom MacPhails find it difficult to cater

... will cost the consumer about 66,6% more than if it was delivered in 70kg bags while coal will cost about 91% more than if delivered in a 70kg bag

The MacPhails spokesman said householders had been

... possibility ... ing coal to Sowe... pack form

The company ... it will not run ou...

The Competiti... currently investi... and its distribu... Reef

Big freeze is real thing

By ADA STUIT

WINTER, it seems, is here to stay

The cold nights experienced all over the country are expected to continue, the weather bureau said yesterday

The Witwatersrand's present daytime temperatures range between 15 and 17°C and today's weather will again be clear and cold in the early morning. Temperatures are expected to go up to about 17°C towards the early afternoon and to drop off sharply to about 4°C during the night

In Pretoria, today's temperature is expected to go up to about 20°C and drop to about 4°C tonight.

The Automobile Association warned drivers in the Witwatersrand and Pretoria areas to be cautious of frosty, slippery roads in the early morning hours

Monday night's lowest temperature — -4°C — was registered in Sutherland in the Cape Province

A weekend of wintry weather in the Eastern Cape has been killing off swallows in the Gamtoos Valley

A local farmer said yesterday he had never seen swallows dying in such numbers. Many were lying on the ground, weak with cold.

A Grahamstown expert on wild birds, Mr C ... Skead, said most of the European swallows — which were particularly susceptible to the cold — would die in extreme cold if they did not leave on their northern migratory routes soon

Sapa reports that wintry weather, with severe winds and intermittent rain, battered most of the East Cape coast yesterday

Hurricane force winds gusting up to 163 km/h forced closure of the East London harbour and a yacht sank at its moorings

Municipalitie[s] urged to trim their budgets

By JOUBERT MALHERBE
Pretoria Bureau

LOCAL authorities had to curb spending and trim budgets to the bone, the Administrator of the Transvaal, Mr Willem Cruywagen, said in Pretoria yesterday

He warned the annual meeting and conference of the Institute of Municipal Treasurers and Accountants that local authority spending would in future be subject to control by the State

Painting a gloomy economic picture, Mr Cruywagen urged local authorities not to shift greater financial burdens on to taxpayers

"The days of compiling ambitious budgets and then increasing rates and tariffs to make the budget balance are over," he said

Referring to the proposed additional sources of income for local authorities, Mr Cruywagen said the money still had to come from taxpayers eventually — "and a large portion of the public is already suffering financial pressure"

In his presidenti... Mr P Mathee sai... thorities could not ... cept that their e... should automat... crease to keep u... inflation rate

He also criticis... mendation from t... the Commission ... into the Finance... Authorities that ... sector be given th... provide services ... ditionally" belong... authorities

There was no re... the private sector ... able to provide suc... more efficiently ... nomically, he said

But Prof J S H G... of the University o... said municipalities ... render services as ... ly as private busi... cause municipal ... tions were "... institutions" The c... ends tomorrow

Prisoner flees in pyja[mas]

Mail Reporter

A LONG-TERM prisoner wearing pink striped hospital pyjamas and a grey dressing gown escaped from the Hillbrow Hospital in Johannesburg yesterday

Johnny Majola was serving a sentence of 18 years for robbery with aggravating circumstances He ... year-old Zulu, 1,6m ... weighs 70kg

A Prisons De... spokesman said ... Majola's record ... should not attempt ... hend him but sho... his whereabouts t... est police station

Pink Eye outbre[ak]

Mail Reporter

SIXTY cases of conjunctivitis — "pink eye" — have been confirmed in the Hammanskraal district, the superintendent of the Jubilee Hospital, Dr G Malan, said yesterday

He said the hospital had treated only 10 cases at the weekend but this had increased to 60 over Monday and Tuesday New cases of "pink eye" were being treated at the hospital every day

All patients had be... and discharged

Dr Malan said ... known what caus... ease but he said it... through the comm... flu or virus

"People must ta... their personal hyg... must not share the... el or facecloth An... suspects he has t... must come in for tr... Dr Malan said

LABOUR

Negotiation row: union plans action

20M 21/4/83

Labour Reporter

FOSATU'S Sweet, Food and Allied Workers Union yesterday threatened the Industria company Buffalo Salt with a consumer boycott if it continued to "refuse to negotiate" with the union

SWFAWU accused Buffalo of firing working who identified with the union — and replacing them with temporary workers Buffalo also allegedly told union general-secretary Mrs Maggie Magubane to talk to the Department of Manpower when the tried to discuss the sackings with management

Buffalo's managing director, Mr N Abrahams, yesterday rejected these charges It was "utterly untrue" workers had been sacked for identifying with the union, or that he was unwilling to discuss the dispute

He said a boycott would only hurt the workers when business was worsening — although the union said it was "concerned about" these workers

SWFAWU said yesterday that Fosatu's Transvaal regional congress had recently "unanimously condemned" Buffalo for allegedly "taking full advantage" of Government policy

It claimed Buffalo was leaving workers without any livelihood by firing them when they supported the union.

SWFAWU said Buffalo was deliberately using "ploys" to delay negotiations

"Should the company refuse to negotiate, the union will be forced to use its ultimate weapon" — to request "that the company's products not be bought to fill its coffers while a growing number of unemployed go hungry," the union said.

Mr Abrahams confirmed the retrenchment of some workers — "because business was slack, and not because of union sympathies"

"It is a lie to say we have replaced them"

He also blamed the union for refusing to talk.

F... b...

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Decentralis[ation]

By GERALD REILLY
Pretoria Bureau

THE Government must "drasticall[y] ... the raw deal" given to metropolitan ... the decentralisation plan mooted at ... Hope conference last year by the Pr[ime Min]ister, Mr P W Botha

THE Progressive Federal Party's ... ic spokesman, Mr Harry Schwarz, s... terday the PFP rejected the Gove[rnment's] intention of discouraging metropolit[an devel]opment by what ammounted to the p... of established industries

Mr Botha had said at the confer[ence last] year that the costs of infra-structure ... ment and public services in the are...

Priest charged under Grou[p Areas Act]

Mail Reporter

A JOHANNESBURG priest and an Indian woman are to stand trial in the Rand Supreme Court on charges under the Group Areas Act.

charges under the Group Areas Act.

He was charged with unlawfully accommodating Mr Raghubathy Naidu and his wife, Mrs Dhana Naidu, in ...

They were both ... alternative charg... maining on the ... after being evicted

The charges ag... Naidu were wi...

(193) Hansard 21/4/82
Q 61 664

Cement

~~293~~ Mr G S BARTLETT asked the Minister of Industries, Commerce and Tourism

What (a) were the quantities, (b) (i) were the values per ton and (ii) was the total value, and (c) were the countries of origin and destination, of cement (aa) imported into and (bb) exported from the Republic in respect of each of the latest specified five years for which statistics are available?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM

(a) (aa) 29 174 ton in 1981

(b) (i) (aa) R93,34 per ton

(ii) (aa) R2 723 119

(c) (aa) Republic of China (Taiwan)

(a) (bb)
(b) (bb)
(c) (bb)
Although limited quantities of cement were, in fact, exported during periods when the local supply exceeded the demand, the particulars are either not published or are not readily available

VERULAM INDIAN MUNICIPAL EMPLOYEES ASSOCIATION

Address: P.O. Box 288
Verulam
4340

Telephone:

Officials:

Area of Operation: Verulam

Founded:

Registration: Yes

Salt boycott threatened

193 Sowetan 27/4/83

BY JOSHUA RABOROKO

A NATION-WIDE consumer boycott of all Buffalo Salt Works products will be considered if the management there continue refusing to have talks with the Fosatu-affiliated Sweet, Food and Allied Workers' Union.

The Transvaal regional organiser of Fosatu said in a statement that should a company refuse to negotiate with the union, the regional congress has resolved that "the union will resort to the ultimate power it has."

The statement follows the dismissal of over 50 workers by Buffalo management because it was claimed the workers belonged to the union. The workers claimed that management did not want them to get involved in trade unionism.

When the secretary of the Sweet and Allied Workers Union tried to intervene on behalf of the workers, the management resolved to what the union termed "ploy to defend itself" by ignoring to talk with them.

Instead of negotiating with the union the management replaced the dismissed workers with temporary workers who were exploited and did not belong to the union.

In the statement Fosatu says that it condemns the attitude of Baffalo management in trying to avoid the trade union movement.

It says further that the company, in obstructing union viability fires workers who indentify with a trade union and "this is calculated to leave many workers to roam around in the streets without income to sustain lives."

Fosatu says that it deplores the systematic and subtle way in which "employers and the state jointly go out of their way to obstruct trade union development in the country."

"It should be noted that the people robbed of the chance to earn a living form a lot of discontentment in the South African society."

This kind of attitude might bring about a situation which the Government might not be able to contain.

The statement says further that the union will consider advocating a boycott of Buffalo products because "it does not pay to swell their coffers while a growing number of people go hungry."

Union threatens salt boycott

193

1982

Star 22/11/82

Labour Reporter

The Sweet, Food and Allied Workers' Union has threatened a boycott of the products of an Isando, Johannesburg, firm if management does not negotiate with them

The Fosatu-affiliated union has accused the management of Buffalo Salt of dismissing union members and refusing to talk to the union.

The decision to prepare a boycott was reached at a recent meeting of the Transvaal Regional Congress where union members said Buffalo Salt obstructed the union's operations at the firm

However Buffalo Salt's managing director Mr N J Abrahams, said that some personnel had been dismissed recently because of a downturn in business

"These are retrenchments and have nothing to do with the union," he said

The Sweet Food's general secretary, Mrs Maggie Magubane, said they had approached the Department of Manpower and asked for their assistance, but had received little co-operation.

Mrs Magubane said if they company did not negotiate with the union and dismissed its members, they would launch a boycott of its products Buffalo Salt had already replaced a number of the dismissed workers, she said.

27 April 1982 SA1

NEWS

Industrial Week 27/4/82

(193)

(204)

Local fibres cut imports

By Hugh Poulter

A RANGE of ceramic fibres that have been imported to SA for the past 12 years are now being locally manufactured by a Johannesburg company called Didier.

Didier sales manager, Neil Badger, says the fibres, called Pyrostop which are used for insulating heat treatment furnaces, should be appearing on the market in May after extensive tests in Europe and SA

"We started off our trial runs at the end of last year and I feel we have perfected the fibres They are made from the local raw materials of alumina and silica and can withstand temperatures of up to 1 600°C," says Badger

Badger says the locally produced fibres will be cheaper than the imported version "especially after the surcharge that has been added to imported ceramic fibres We are not sure of the exact cost yet as we have been producing a limited amount, and we will only be going into full production in May"

Addre

Teleph

Officia

Area of ... - Klerksdorp

Founded: 1979

Registration: No (1)

(1) Applied for registration but objections raised by other registered unions.

JEWELLERS AND GOLDSMITHS UNION

Year	Membership				
	African	Asian and Coloured	White	Total	
1970					
1971					
1972					
1973		98	320	418	x
1974		28	294	322	x
1975		26	305	331	x
1976		21	201	222	x
1977		30	347	377	x
1978				..	
1979				445	$
1980				460	Fosatu Annual Report 1980/81

Address: 201/4 City Centre
Corporation Street
Cape Town
8001

Telephone: (021) 433658

Officials: Secretary: A.Frazer

Area of Operation: Western Cape

Founded: 1939

Registration: Yes

1974 affi
other uni

1977/78 and with

R40-m to step up lime production

9/5/82

Business Times Reporter (193) S. Times

EXTENSIONS and improvements worth R40-million will increase unslaked lime production at Union Lime's Ouplaas plant by approximately 30% when completed in 1984

Union Lime, a company in the industrial division of Anglo-Alpha, is making this investment at a time when lime demand is in a decline

However, Anglo-Alpha says this is in line with its policy of preparing in advance for an increase in demand anticipated from 1984 onwards It will also allow for the phasing out of less economic units

Consol spends R42-m on plant

(193) S Times 16/5/82

CONSOL's position as the country's sole supplier of glass bottles will be entrenched with the commissioning next month of the new R86-million Clayville factory.

At the same time, Nampak managing director Bas Kardol tells Business Times that progress with his company's Roodekop glass-bottle factory is exactly on schedule.

Civil works have started, and the commissioning date remains July-August next year.

By Colin Bower

Turnkey contractor is Combrink Construction, and the total cost of the project, including land and escalation, is R40-million.

Phase 1 at Consol's Clayville factory will increase the company's output by between 10% and 12% to 450 000 tons a year.

Phase 2, scheduled to come on stream by about this time next year, will further increase output to 500 000 tons.

Hennie Roos, general manager of the company's glass division, says that by January next year the company will be able to meet South Africa's requirements without recourse to imported products.

This year Consol will import 10 000 tons of glass bottles.

While not venturing a remark about Nampak's foray into territory traditionally Consol's, the company's directors may well see Nampak's move (to some extent and provided that Nampak's market share does not exceed 10%), as serving Consol's purposes.

The company carries a burden as the country's sole supplier, insofar as it must meet requirements, sometimes irrespective of profitability. Imports, for instance, are sold at a loss.

A competitor will presumably be obliged to shoulder a portion of that burden by also carrying some of the less profitable product lines.

In addition, Consol is known to be keen to see the abolition of price control in the industry, and its submissions to the controller would carry a lot more weight if it were not in a monopolistic position.

The R125-million glass-packaging industry, which has seen growth of 20% a year for the past three years, is likely to achieve a 10% growth over the next 12 months, says Mr Roos

(194) ... and paper factory

S Times 16/5/82

CONSOL is to build a R6-million factory near Cape Town for the manufacture of corrugated-paper containers.

Consol entered the corrugated container market two years ago when it acquired Time Packaging Corporation in Alberton.

Gert du Toit, general manager of Consol's paper packaging division, says commissioning of the new plant is planned for early next year, in time for the fruit-packing season.

"This investment," says Mr du Toit, "provides the company with a direct means of entering a lucrative, large corrugated container market, a major portion of which is aligned with the Cape fruit industry."

Initially the plant will provide employment for 150, and products will include all types of corrugated cartons and dividers for corrugated boxes.

With Consol diversifying into paper and plastics, Nampak making a bold move into glass and both Kohler and Metal Box keen on diversification, competition within the packaging industry is stiffening.

In the light of the state of the economy, the packaging giants may well have to pull in their belts over the next 18 months.

Transport & General Workers Union

<u>Base Metal Industries and Manufacture of Fabricated Metal Products Machinery and Equipment</u>

Amalgamated Engineering Union of South Africa
Amalgamated Society of Woodworkers
Black Allied Workers Union
Electrical and Allied Trade Union of S.A.
Electrical and Allied Workers Union of S.A.
Engineering and Allied Workers Union
Engineering Industrial Workers Union of S.A.
General Workers Union
General Workers Union of South Africa
Iron Moulders Society of South Africa
Metal and Allied Workers Union
Motor Assembly Components Workers Union of South Africa
Motor Industry Employees Union of South Africa
Motor Industry Combined Workers Union
Motor Industry Staff Association
National Union of Engineering, Industrial and Allied Workers
National Union of Motor Assembly & Rubber Workers of S.A.
Radio Television, Electronic and Allied Workers Union
S.A. Boilermakers, Iron and Steelworkers, Shipbuilders and Welders
S.A. Electrical Workers Union
S.A. Iron, Steel and Allied Industries Union
S.A. Tin Workers Union
South African Allied Workers Union (SAAWU)
Steel, Engineering and Allied Workers Union
Transvaal, Radio, Television and Allied Workers Union
United African Motor and Allied Workers Union

JEWELLERS AND GOLDSMITHS UNION

Year	Membership				
	African	Asian and Coloured	White	Total	
1970					
1971					
1972					
1973		98	320	418	x
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Address: 201/4 City Centre
Corporation Street
Cape Town
8001

Telephone: (021) 433658

Officials: Secretary: A.Frazer

Area (

Found

Regis

1974 other ... by 1977/78 and with

Glass plant will cut out imports

193

S. Times 16/5/82

By Ireen Spicer

PILKINGTON Brothers' new R11-million patterned-glass plant at Springs is expected to save South Africa R7-million a year at current value in imports

The only facility in the African continent for manufacturing patterned glass, the plant started supplying local merchants in November last year.

Previously, all patterned glass used in this country was imported, chiefly from Pilkington's parent factory in the UK

The company is the country's only manufacturer of flat glass and produces 100 000 tons of float (flat) glass a year. Annual production in the new plant is 15 000 tons of patterned glass as well as 1,5-million high-voltage insulators

Pilkington is already exporting patterned glass to the Far East, and 10% of total annual output is exported to Africa and the Indian Ocean islands.

Says general manager-designate Brian Young "The new plant makes South Africa totally self-sufficient in glass production."

(32) (193) (233) Industrial Week

Mud bricks could solve housing headache

A NEW technology for brick making, which combines the ancient craft of mud bricks with the modern science of chemical additives, has recently arrived in SA.

Developed in Switzerland by Consolid AG, it is claimed that this technology will incur considerable savings and be of great benefit to self-help housing projects

It requires low capital expenditure and eliminates the need for skilled labour and expensive transport infrastructures

The technology was originally designed to create roads by applying chemicals to natural soils

Additives bind the clay materials in the soil to provide a water resistant agrement that may be applied to the surface of the road

The process was extended some years ago by the inventor, Dr G Scherr, to the making of bricks from local soil, so

Dr G Scherr.

that bricks can be made in situ, eliminating expensive transportation costs

The CLU 3000 brick making machine and the chemicals can be taken on site to form mud bricks that are both durable and of standard size

A sifting machine removes all the undesirable stones and rocks, and the soil treated with the two chemicals has a drying time of as little as 24 hours

The company says that mud bricks, which are not porous like those of clay, are more dense, convey little ambient heat into the interior of a dwelling and also make it soundproof

Unskilled labour can be trained to operate the self powered brick maker within one hour and one machine can produce 3 000 bricks per day, enough for 100 houses a year

LATE FINAL

MAIL

28, 1982

PRICE 25c (incl tax)
PRICES ELSEWHERE ON BACK PAGE

Cement price shock for homebuilders

193 RDM 28/5/82

By JOHN MULCAHY

THE price of cement is set to rocket and is expected to at least double in the next five years.

Homebuilders subjected to unprecedented building cost increases over the past two years now face the prospect of a [illegible] price certain to [illegible] ter rate than general [illegible].

Cement accounts for about 7% of the cost of an average house and about 11% of the cost of office buildings, but the implications of a substantial price rise are broader, cement being an integral part of most infrastructural development such as roads and drainage systems.

At an average annual inflation rate of 15% the cement price would have to rise by 100% in five years merely to maintain the current price in real terms, and the industry is looking for far more than this to finance its expansion plans.

The South African cement industry, in which three producers supply the entire output, will have to spend R2 000-million by 1990 to cope with anticipated demand, and users will foot the bill.

Mr Guy Luyt chairman of the SA Cement Producers Association, in his annual report for 1981, released yesterday says expenditure of more than R1 000-million will be needed to expand capacity, and another R1 000 million to replace obsolete capacity.

Price controls for cement were withdrawn on March 26.

There followed almost immediately a 17% price increase, and indications are that another price rise will soon be announced.

Cement industry spokesmen yesterday laid the blame for the expected price spiral on the price control system which they said had artificially depressed prices in the past and contributed to delays in capital investment by producers.

Mr Luyt says it is premature to comment on the industry's future pricing policy, but the executive director of the SA Cement Producers Association, Mr George Taylor, says in his annual report:

There is an immediate need for a fairly substantial price increase to ensure that obsolete plant can be replaced when necessary and expansions undertaken to meet demand."

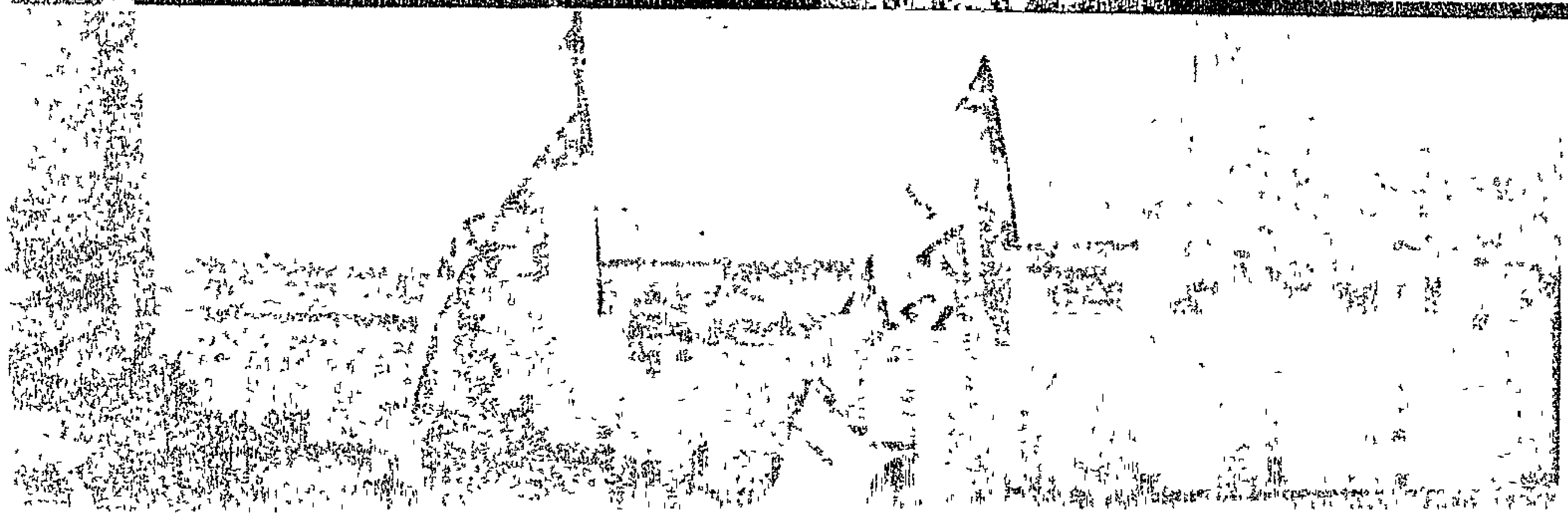
Profits remain a primary consideration, and Mr Luyt says the industry's pricing policy will be to ensure a modern, profitable industry capable of meeting the country's cement requirements and satisfying shareholders.

Mr Lou Davis, executive director of the Building Industries Federation of South Africa, said yesterday the industry conceded that in a free market system "you have to have a fair return on capital, but I stress the word fair".

Bifsa agreed with the abolition of price control, but he questioned the cement industry's argument that the returns granted under the system were inadequate.

"There was no pressure to effect efficiencies and to improve productivity, as profits were guaranteed."

A property economist, Mr Neville Berkowitz, said the granting of price increases consistently below the inflation rate had created a critical situation for cement production, and it had become clear a year ago that the industry was going to need either a massive price increase or a subsidy from the Government to cope with the required expansion.



Stabbed girl pulls out knife

Mail Correspondent

CAPE TOWN — A plucky eight year-old girl described yesterday how she pulled a knife from her chest after being stabbed while playing near her Somerset West home last Saturday.

Bleeding from the wound, Lisa Bartlett, nicknamed "Tiger", fled and collapsed in the arms of a neighbour

Toncoro plans to spend R19m this year

(193) RDM 3/6/82

Mail Correspondent

DURBAN. — Brick-maker Tongaat Corogroup plans to spend R19 200 000 on expansion this year the chairman Mr Dick Kemp says in the annual report.

Last year the group spent R32,1 million.

Mr Kemp says that the expansion can be funded without increasing borrowing facilities if turnover does not fall materially below budget

The removal of price control has brought a new and exciting dimension to the industry but "it does not mean that Toncoro's job to produce and deliver quality products at the lowest possible price has changed "

On the profit shortfall Mr Kemp says it was due in part to "over-optimistic commissioning plans", shortfalls in production pushing up costs and a delay in price adjustments

He pointed out that the shortage of building society money was having a marked effect on private house building and the fall in the gold price was affecting public building programmes

"It is possible that the utilisation of our productive capacity planned for 1982-83 may have to be adjusted during the year "

Mr Kemp said that as the building industry did not appear to be able to sort out the cyclical nature of the industry "I would like to lend my support to the building societies in their approach to the government for its help in stimulating business by the relaxation of the prescribed investment requirement

"Thus allowing substantial sums to become available immediately for mortgage lending and increasing the interest rate and the volume of the tax-free investments that can be held by a taxpayer and his family "

Blue Circle R200-m expansion

S. Times (193) 6/6/82

By Ireen Spicer

BLUE Circle Cement is to expand its Lichtenburg factory at a cost of R200-million despite the current slowdown in the industry.

As such it is the first cement producer to move towards the industry's projected R2 000-million overhaul by the 1990s which will increase total annual production from 9-million to 15-million tons.

On completion at the end of the decade, the Lichtenburg plant's capacity will have increased to 2,3-million tons a year, 20% of the estimated market requirement.

"Blue Circle is expanding to meet the next upturn in demand and to ensure we have the capacity to supply our market share," says director Tony Albertyn, who predicts a turnround in mid-1984.

By the late 1980s the company expects total demand to have reached 11-millions tons a year.

The Lichtenburg expansion is the second phase of a project initially intended to replace three wet kilns commissioned in the late 1940s

However, due to the increase in demand, the wet kilns were kept going and, says Mr Albertyn, it became necessary to add quarrying and limestone handling equipment, cement milling facilities and packing and storage capacity.

The capacity of the replacement kiln itself is to be doubled to produce 900 000 tons a year, and a second kiln is to be uprated to produce 1-million tons annually.

Mr Albertyn says he doubts whether this expansion would have been possible if the cement price had not be decontrolled in March.

"We have always tried to ensure that market demand could be met and we expanded accordingly," he says.

"However, had price control not been lifted we would no longer have been able to accept responsibility for meeting demands."

Diamond company probe as a bank claims R18 500 000

(193) S. Express 6/6/82

LIQUIDATORS CALLED IN — AND ANOTHER GEM FIRM IS SAID TO HAVE R40m DEBTS

By DESMOND BLOW
Chief Reporter

THE financial affairs of the M & A Goldstein (Pty) Ltd diamond company are to be investigated to ascertain the disposal of millions of rands it received in bank loans

This follows a court order this week which placed the company in provisional liquidation Mr Albert Ruskin and Mr Henry Gunn were appointed joint provisional liquidators

The application was brought by the Standard Bank of South Africa which claimed the company owed it R18 500 000

The court was told the book value of Goldstein's assets amounted to R19 643 147 and would be realised for R772 387 The liabilities of the company were R18 347 173, which left a deficit of R17 574 786

It is understood that a preliminary examination of the company's books failed to account for millions of rands

M & A Goldstein is one of 14 companies in the Goldstein group, none of which is a holding company It is not known how these companies are affected at present, although some of them are believed to be indebted to M & A Goldstein

Mr Justice W A Phillips was told in the Rand Supreme Court that, of the R18 500 000 owed to Standard Bank by the company, R13 405 000 was due for repayment at the close of business on May 27

In addition, the bank had secured a loan of R5-million in American dollars for the company for which the bank had created suretyship This loan was due for repayment on May 10

On January 25 the company's auditors advised that it was trading in insolvent circumstances Shortly afterwards negotiations were begun between the company and Mr Morris Louis Reanick for the sale of the company, as well as other companies in the group The bank was directly involved in these negotiations

In May Mr Reanick decided against buying the company and, in consequence, the bank was no longer prepared to extend credit to Goldstein's

The company was unable to meet its creditors' demands and was no longer able to buy diamonds for cutting and selling Thus it could no longer trade

Messrs Albert and Anthony Goldstein are sole shareholders and directors of the company

I also learnt this week that another diamond company is shaky and has debts of between R40-million and R60-million But it is understood the creditor banks have decided to give the company time in the hope that the recession in the diamond trade will diminish towards the end of the year

A spokesman for the company said this week it was in no worse straits than other diamond companies

He said 85% of diamonds produced were sold to America But, because of the current high rates of interest in the US, people were not buying expensive diamonds as an investment

"The smaller ones for engagement rings are still being sold — but not good ones," he said

Brick cost controls explained

193 E. Post

19/6/82

By GILBERT FOSTER

(As published in South African Builder, official journal of the Building Industry Federation of South Africa)

THE recent abolition of price control over bricks, and the subsequent announcements of a 17% price hike by the manufacturers, has been greeted with dismay and disapproval in certain quarters, which is likely to lead to some strong lobbying for its reimposition

This is understandable in the current inflationary climate, where contractors and clients are both subjected to continually rising costs over which they have no control and where price is a sensitive issue in the minds of the general public.

There is, consequently, a danger that the subject will become an emotive issue which obscures the underlying economic facts It may, therefore, be useful to consider previous policy and the situation which has arisen from its pursuit

In the past, the Government has exercised a policy of administered prices over certain key building materials in an attempt to exert a controlling influence over general price levels and, thereby, to contain the rate of inflation.

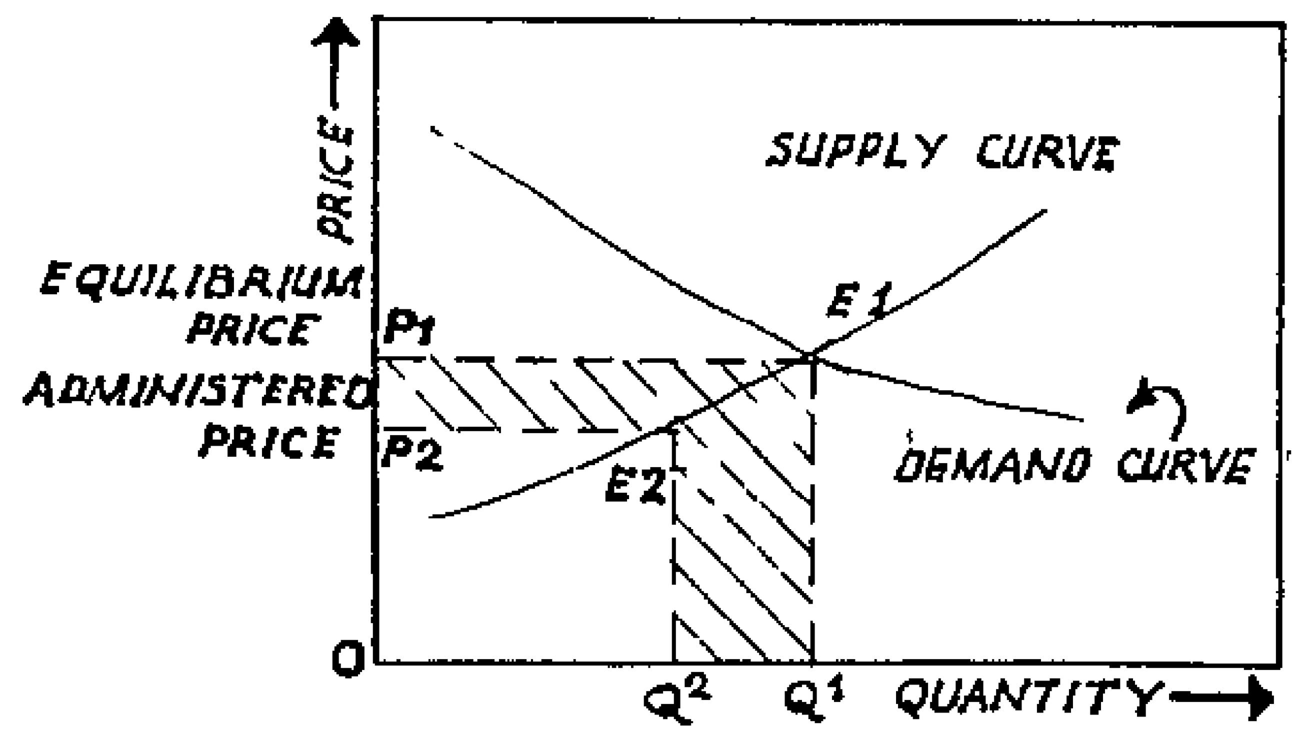
While this is a praiseworthy objective, it does not work in practice over any extended period of time and several reasons can be advanced

The first and most important of these is that a market economy revolves around its price structure, with prices acting as the co-ordinating mechanism, directing productive resources into the areas of greatest opportunity on one hand and signalling to consumers on the other

To interfere with this natural adjustment of prices must, in time, distort the market and cause the supply and demand of the affected goods to get out of line

Where prices are artificially set below the true market price this will inevitably result in the development of shortages.

This can be expressed graphically as shown below



Supply and demand curves, as shown above, are standard concepts used in economic analysis The theory has it that, as the price goes up, so the attractiveness of the product increases to manufacturers who then expand their production along the curve below

Conversely, as the price falls, so the demand for the product increases, leading to a greater consumption

At the intersection of the producers' supply curve and the consumers' demand curve is the so-called equilibrium price

At this price, an output (shown by the rectangle OP'E'Q') will be produced which will satisfy the ambitions of most manufacturers and the needs of most customers

Once an administered price is introduced, shown on the diagram as P2, the product is no longer as attractive to the manufacturers, who will now produce a lesser quantity (shown by rectangle OP2E2O2) As a result, a shortage will arise in the market, indicated by the shaded area on the diagram

All these symptoms have been demonstrated of late in the beleagured brick industry The artificially low price for bricks, maintained over a number of years, has led to under-investment in this crucial sector and has contributed to the recent shortages

PE's cement helps build the E Cape

193

E. Post 26/6/87

Property news

by

Ralph Jarvis

TUCKED away beneath, behind, around its old, disused smoke stack off Grahamstown Road in Port Elizabeth is a company which has a major part of itself in virtually every building erected in this area

Few people realise the extent of the operation that ends here, having started in the limestone quarries of Loerie many kilometres away

It is the manufacture of cement, the powdery grey stuff without which buildings would fall apart and other major structures would never even exist

The Eastern Province Cement Company is the only cement-producing factory in the Eastern Cape and its Limebank Quarry at Loerie is the only source

Now the company is busy on a R3,5-million expansion programme to update the raw materials handling and proportioning systems at their plant to ensure a more consistent mixture being fed to the kiln which will lead to a more consistent quality

Few people are aware that the humble pocket of cement is the end product of an extremely captial-intensive industry, a fact brought home to Press representatives on a tour of the EP Cement plant at Deal Party and at Loerie

The company manager, Mr Dennis James, told Press representatives a "grassroots" cement factory of the smallest viable size — 500 000-ton annual capacity — required a capital cost of over R200 million

"The cement and lime manufacturing industry is capital-intensive

"This company's capital expenditure projected for the next six years is R600 million"

The raw materials required to produce cement are limestone, clay, sand, haematite (iron oxide) and gypsum

The limestone is quarried at Loerie, the clay comes from an open pit quarry to the west of EP Cement's factory at Deal Party, the sand is obtained from a supplier in the city, the haematite is obtained from Postmasburg, the gypsum comes from Kimberley and Steytlerville

The first step in the production process is to form a pre-mix of clay, sand and haematite and to add crushed limestone in the proportion of 88 parts of limestone to 12 parts of premix

The resultant mix, known as "raw meal", is fed into a kiln at the rate of 45 to 50 tons an hour

The raw meal undergoes chemical changes while moving along the kiln and the final product, known as clinker, is produced at the maximum kiln temperature of about 1 400C

After passing through a hammer mill, the clinker is conveyed to a storage shed by means of a steel bucket conveyer system

The cement the consumer buys at his local hardware shop is a mixture of 94% tp 96% clinker and 6% to 4% gypsum

(If gypsum were not added, the resultant cement would set so quickly after it was mixed with water that it would not allow the end user sufficient time to place the mortar or concrete and would, therefore, seriously affect the workability of concrete that is its *only* use)

The clinker and gypsum is ground in an air-swept mill to a fine powder and conveyed to a storage silo, from which the automatic packer is fed

The packer is a rotary unit with 12 spouts, capable of filling 2 000 paper sacks an hour

The Eastern Province Cement Company is wholly owned by, and is a division of, the Pretoria Portland Cement Company Ltd

The total present production capacity of the PPC group is 4,5 million tons a year and this represents 50% of the total South African cement production capacity, the other producers being Anglo-Alpha Cement and Blue Circle Cement

In addition to its cement interests, PPC also totally owns the Northern Lime Company with an annual production of 1,75 million tons of lime a year

PPC also operates limestone quarries at Loerie, Beestekraal, Pienaars River, Slurry, Riebeeck West and De Hoek, and gypsum quarries at Windsorton Road and Baroe

"EP Cement produces four different types of cement to meet the needs of the building industry, ranging from rapid-hardening portland cement, portland blast furnace cement, sulphate-resisting cement and ordinary portland cement," he said

EP Cement's kiln, which was commissioned in 1966, is capable of producing 700 tons of clinker a day

Mr James said the ultimate criterion of good quality cement was its ability to produce a sound concrete of high strength

"The compressive strength of concrete, as opposed to tensile shear or flexural strength, is most important and is the basis on which concrete structures are designed," Mr James said

All cement produced in this country exceeds strength standards required by the South African Bureau of Standards, said Mr Zac Limbada, the works chemist responsible for quality control at EPC

Mr Limbada said quality control was a continuous process

Cement samples were sent weekly and monthly to the Portland Cement Institute at Halfway House and the PPC technical services department in Germiston where the samples were tested and the works quality monitored

On the local scene stringent tests were done continuously every hour or two

"The raw mix is sampled and analysed every hour and the results of the analysis fed into a computer, which will calculate the proportioning of the materials," he said

Mr Limbaba said that up till 1981, chemical analysis was done using conventional wet analysis techniques

During the 1980-81 financial year the company spent R350 000 on improvements to the laboratory and scientific equipment

Mr James said the first cement factory opened in South Africa in 1892 had a capacity of 2 000 to 3 000 tons a year

"We have a kiln at our Slurry works which is capable of producing 3 000 tons a day, which gives some indication of the growth of the building industry and how the cement manufacturers have endeavoured to keep pace with that growth," said Mr James

Workers stage two wage strikes

Star 3/7/82

182 181 358 193

Labour Reporter

Two disputes over wages — one in Durban and another in Alberton — broke out this week with workers disputing management moves to alter systems of payments

At the David Whitehead textile plant in Durban, which is part of the Tongaat group, more than 2 000 workers staged a strike on Thursday in protest against a management decision to incorporate a living-out allowance with their basic wage

Many workers, however, did return to work yesterday

At Cobra Ceramics in Alrode Alberton, about 200 workers went on strike on Wednesday after they had disputed a company decision to add wage increases on to their bonus rates and not on the basic wages

Three key organisations control cement industry

(193) E. Post 10/7/87

THREE very important "umbrella" organisations virtually control the cement industry in South Africa today, keeping a tight rein on quality through the dissemination of technical information and the national marketing of the product

These are the Portland Cement Institute, the Cement Marketing Organisation and the Cement Producers' Association

This is how they are related

The Portland Cement Institute: This is a non-profit organisation established in 1938

It is sponsored by all the cement manufacturers in the Republic to act as a central clearing-house for technical information relating to the many uses of portland cement and concrete, to extend the scope and use of these materials and to improve and develop construction methods

By affiliation to similar organisations overseas, the PCI has information and reports published in many countries

The institute is equipped to offer a service of helpful technical advice, based on up-to-date knowledge and research to all users of portland cement

This advisory service is free A nominal charge is made if laboratory work is done or site visits are made

PCI has established a school of concrete technology and runs courses for engineers, architects, technicians and foremen

To assist in the dissemination of information, the institute issues a series of free booklets on various subjects for the builder, farmer and gardener

The Portland Cement Institute does not make or sell cement

The Cement Marketing Organisation This organisation was established in 1971 by the Northern Cement Producers with a view to rationalising the individual marketing operations of the various companies

In principle, cement is supplied from the factory which can deliver it at its destination at the lowest cost

This is a vital consideration when one considers the high cost of transport, said Mr Dennis James, manager of Eastern Province Cement in Port Elizabeth this week

All cement produced by Anglo-Alpha Cement, Blue Circle Cement, Durban Cement, Pretoria Portland Cement and Eastern Province Cement is marketed by CMO

The Cement Producers Association The SA Cement Manufacturers Association was formed in 1917 In 1920 the name was changed to the Cement Producers Association and in 1960 it was registered as an employers' association

Its function is to safeguard the interest of its member companies in such fields as pricing, labour and transport

It acts as a forum for joint discussions on technical matters — coal quality, bulk tankcars — other than those covered by the PCI

It acts as a public mouthpiece on behalf of its member companies as well as for the CMO and cement sales

It liaises and deals with the SABS and the CSIR and various Government departments

Brick company lays off 150 workers

Mercury 27/7/82

193

Property Editor

COROBRIK has so far laid off about 150 workers in its slow-down programme following the slackening of demand in the building industry

This was confirmed yesterday by Mr Cedric Savage, managing director of Toncoro the huge holding company that controls the country's largest brickmakers

He added that two more factories might be closed during the next nine months but at this stage could not say in which parts of the national network they would take place

But he said that at no stage could he foresee more than 700 men of the workforce of 14 000 being fired

'We do not believe that is bad in the light of the economic and building situation in the country,' a spokesman said

The situation varied according to the locality For instance, a slowdown in the coal-mining industry had affected the need for brick production in the northern parts of Natal and the stockpile of bricks had become larger

But because of demand in Richards Bay, the Empangeni brickworks was still booming

Stockpile

In the rest of Natal the stockpile of bricks had now risen to 37 days' production, many millions of bricks In the Transvaal it was still only 15 days

The spokesman said 'These figures must be seen in perspective Last year, there was a year's delay in the supply of bricks in Natal Hopefully, that will never happen again because the company has taken a longer-term view in its planning

'It must be accepted that when a take-off comes again, that stockpile would be absorbed at speed

'But one must look at the state of the economy It is not going to improve in the near future Holding stock costs money when one looks at the interest rates and the way capital is locked up

'We would like to say that people are only being put off for a couple of weeks, but it could be a year,' he said

RDM (193)
28/7/82

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London golds steady

LONDON — Gold shares were steady at the morning lower levels after a dull session, dealers said

Harties slipped another 50 cents to trade $2 down at $36 but other heavyweights generally settled around a dollar below overnight levels

De Beers lost five cents to 400 and in weak platinums Rustenburg lost 8p to 156 — Reuter

Closing middle prices in pence unless given in US cents or dollars (with previous day's in parentheses) were.

MINING

Bracken 158c (168c) Blyvoor 800c (825c) Buffels $24-7/8 ($26-3/8) Cons Murch 250 (250) Cor Synd 42 (42), De Beers 400c (405c) Dooms $13-15/8 ($14-3/8), Durban Deep $15-5/8 ($16-1/8), Driefontein $18¼ ($18¾) E Dagga 90c (85c) ERPM 715c (750c), ERGO 458c (475c) Elsburg 155c (165c) Falcon 100c (100c), FS Geduld $21-1/8 ($22-1/8), Globe 43 (43) Grootvlei 683c (725c) Harmony 855c (885c) Harties $36 ($38) Kinross 900c (900c) Kloof $23-1/8 ($24-1/8), Leslie 163c (168c), Libanon $14-5/8 ($15¼), Loraine 218c (228c), Lyd Plat 118 (122) Mangula 20 (18) Marievale 178c (188c) Messina 230 (230), Pres Brand $23-3/8 ($24-1/8) Pres Steyn $21-1/8 ($22-1/8) Randfontein $46½ ($49), Rusplat 156 (164), Sallies 345c (355c) Southvaal $27-7/8 ($28-3/8) St Helena $22-3/8 ($23-1/8), Stilfontein $9-7/8 ($10½), Unisel 793c (810c) Vaal Reefs $50-5/8 ($51-1/8), Venters 675c (715c) Vlaks 185c (193c), Wankie 21 (21), West Hold $27-1/8 ($27-1/8) WR Cons 183c (193c), Welkom 638c (663c) West Areas 225c (240c) West Deep $23-7/8 ($24-7/8) Winkelhaak $21-7/8 ($22-1/8) Zandpan 685c (700c) Zambia 60 (60)

MINING FINANCIAL

Amcoal £13 (£13), Amgold $57 ($58), AA Corp $9¾ ($9-7/8) Anglovaal $17 ($17), Charter 188 (193) Cons Gold 402 (409) Freddies 225 (200) Gencor $14 ($13-5/8) GFSA $57½ ($55½), Johnnies £52 (£50) Mid Wits 420 (420), Minorco 608c (635c) New Cent Wits 260 (260) New Wits 325c (335c) Sentrust 725c (725c) TC Land £19½ (£20), Vogels 100 (100)

FINANCIALS

Anamint $46 ($46) Barlows 360 (355) Gold Props 68 (70) Lonrho 86 (86) Rand Props 265 (260) Afex Corp 28 (28)

INDUSTRIALS

Abercom — (121), CNA 270 (270) Greatermans 345 (345) OK 775 (775) ICS 130 (130) Nat Canvas 345 (345) North Eng 88 (90) Portland 17 (17) Nampak 305 (305), Rennies 190 (190) Rex True 235 (235) SA Brews 185 (186) Sappi 275 (275) Sasol 144 (145), Smith Sugar 600 (600) Stancha 432 (434), Tiger Oats 850 (850) Tongaat 315 (315) Toncoro 98 (98) Uni Steel 43 (43) Unisec 150 (150) Utico 108 (115) Verng Ref 265 (265)

Two brickyards to close and more may follow

By STEVE ELLIS

TONCORO — the Durban-based group which claims to be the biggest brick producer in the Western world — has had to close two factories in Durban and Johannesburg

And it is possible that the Tongaat-Hulett subsidiary will have to close two more plants within the next nine months

About 150 jobs have been affected by the initial closures, and if the other factories are forced to shut their doors as many as 700 workers may become redundant — about 5% of the group's 14 000 workforce

Toncoro's managing director, Mr Cedric Savage, said yesterday "Considering the thousands of employees that are being put off in other industries, this is a small percentage"

He said that wherever possible, the group was placing redundant employees on productivity programmes

The two plants to be closed are a clay brick factory at Briardene, Durban and a cement factory at Bedfordview Johannesburg The other two plants that may close before April next year were not named

Toncoro has had to rationalise its activities because slackening demand from an increasingly troubled building and construction industry has reached alarming levels

Mr Savage said "The drop in sales was the result of the lack of mortgage bond finance and was also related to the state of local industries"

Earlier this year, the group had experienced a downturn in demand in Natal and the Free State, but Mr Savage said that since then there had been a "dramatic drop in demand in Transvaal while the falls have stabilised elsewhere"

It is likely therefore, that should more factories close, they would be Transvaal operations

Mr Savage said another big problem facing the industry was interest rates

When demand fell in past years Toncoro would stockpile production and await the upswing in demand However, with interest rates twice as high, the company could afford to finance stockpiles only half the size

"We learned from the last recesssion that a strategic stockpile was necessary to give a satisfactory service to the customer at the beginning of the upturn

"Unfortunately, in the brick business there is no such thing as half production — you either have your kilns burning, with continuous production, or not at all"

Any slow-down in production is uneconomic and causes rapid cost escalations

Mr Savage said the building industry was an accurate barometer of the industrial sector in SA because during the previous two boom periods, trading by building and materials companies peaked about six months before the rest of the private sector

If so, SA industrial companies appear to be in for a hard time

COMMENT During the past 18 months, Toncoro has erected at least three new factories in the hope of minimising the effects of the cyclical nature of the industry

However, the extensive capital expenditure programme appears to have come adrift

Mr Savage said the 17% increase in the price of Toncoro bricks implemented immediately after controls were lifted earlier this year had no influence on sales

It would be safe to assume, though, that the price hike did little to woo buyers who had already come under pressure from rising financing and other building material costs

When the group reviewed its disappointing performance in the year to March, it was pessimistic about its chances of maintaining earnings at about 77c this year

Although the closure of some of the more unprofitable plants should augur well for the group's medium-term prospects, the one-off costs involved will hamper efforts to contain the likely slide in profits

Container depots to be probed

THE Competitions Board is to conduct an investigation into the establishment and licensing of cargo container depots in South Africa

The Minister of industries, commerce and tourism, Dr Dawie de Villiers, announced yesterday that he had instructed the Competitions Board to look into the container depots and to advise him

Dr De Villiers said his instruction to the Board followed a request by the Minister of Transport Affairs, Mr Hendrik Schoeman

The committee last year investigated allegations against South African Container Depots (Pty) (SACD), and subsequently recommended, among other things, that the Competition Board should investigate alleged disadvantages caused by SACD's monopoly

Corobrik aims to keep most brick plants operating

(193) E Post 28/7/82

COROBRIK plans to keep most of its factories in production despite South Africa's deteriorating economic situation and the marked reduction in building activity

Mr Cedric Savage, the managing director of Toncoro, said Corobrik is expecting to keep most of its 45 brick factories in full production through to next year

Commenting on the closure of one of Corobrik's small clay common brick factories in Durban and a cement factory near Johannesburg, Mr Savage said that this move had been forced on them by slackening demand

The drop in sales was the result of the lack of mortgage bond finance and was also related to the state of local industries, Mr Savage stated

In Northern Natal, for example, the reduced coal mining activity had affected brick demand, whereas sales at the Corobrik factory in Empangeni were booming as a result of property development at Richards Bay

"The brick stockpile situation in Natal equals about 37 days' production and in the Transvaal about 17 days, but at this stage these stocks are no cause for concern as they would be quickly wiped out in a high-demand situation," Mr Savage said

"However, with the current high interest rates, we constantly have to weigh up the cost of holding stockpiles against the probability of a satisfactory return in the future

"Unfortunately in the brick business there is no such thing as half production — you either have your kilns burning, with continuous production, or not at all

The Limebank-Loerie aerial cableway ... carrying 340 000 tons of limestone a year.

193 E. Post 31/7/82

Loerie's ropeway hits half-century

Property Reporter

FOR exactly half a century, an aerial cableway has been transporting limestone from the Limebank Quarry, between Loerie and Hankey, to the picturesque narrow-gauge railway station at Loerie

Limebank's deposit of limestone is an indispensable ingredient of the more than 700 tons of cement produced each day in the Eastern Province Cement Company's cement factory in Deal Party, Port Elizabeth

But Limebank, in the foothills of the Winterberg, with a backdrop of green pine forests, is not only a source of raw material for cement

It is today also an important producer of agricultural lime for the fertiliser industry

Because of the mountainous country between the quarry and the nearest railhead at Loerie, the choice of aerial ropeways to convey the limestone was a natural one

The valleys and rivers are easily spanned and gradients of up to 45° can be negotiated irrespective of weather

The ropeway is 8,5 kilometres long

Work first started at the quarry in 1932, when construction of the first aerial cableway began

Twenty years later, the second cableway was installed, bringing the combined capacity of both to 100 tons an hour

Maintenance and updating obsolete parts is a major undertaking, particularly because both ropeways operate 18 hours a day and carry an annual load of 340 000 tons

There is more than 48 kilometres of steel rope as well as 450 buckets each carrying half a ton of material to maintain

After its cableway journey, the limestone is stored in bins at the rail siding at Loerie

The rail trucks are filled using pneumatically operated chutes and SATS diesel locomotives bring the filled trucks to EP Cement Company's limestone siding at Chelsea, where the company's own narrow-gauge diesel locomotives take over to pull the loaded trucks down the Papenkuils Valley to the Deal Party factory

(193) Star 9/8/82

Beyond recession, take a look at cement

By Michael Chester
Financial Editor

Almost none of the industrial and commercial sectors have escaped unscathed from the economic slowdown and the latest survey by the Bureau for Economic Research at Stellenbosch University found little but gloom in the overall business mood about the immediate outlook.

The real extent of the pinch can be expected to be reflected in the heavy batch of company results timed for release over the next few weeks.

No wonder that financial advisers are now ultra-cautious about short-term forecasts, especially with industrial counters

However, there is still scope for investors to peer beyond the recession and take a stance on the possible scenario when the business cycle takes an inevitable upswing out of the trough.

A new analysis by one of the major stockbroker firms finds that the cement industry in particular looks like a sound long-term investment zone if care is taken

One of the key elements that inspired the new study was the recent abolition of price control on cement which has cleared the decks for sharper competition among producers, enlivened all the more by the possibility of new entrants into the tussle for market share.

A basic premise, of course, is the continuous demand for more power stations, airports, road and rail network expansions and construction programmes crucial to the development of infrastructure — and all gluttons for cement

Even so, the cement producers are bound to be carried along with an upswing which most economists predict will be kindled in 1984 and be running at full tilt by the mid 1980s

The vast capital spending programmes laid out by the cement producers for their own expansions may have caused a little nervousness among investors wondering what will be left over for dividends But the release from price control alters the picture and there now emerges a far better prospect of improvements in profitability

The new broker analysis takes the view that even with an increase in total cement production capacity from 9 million tons in 1982 to 11,12 million tons in 1988, it will still not be enough to cope with consumption levels expected to soar from 6 million tons to 11,15 million tons

HIGH DEMAND

Moreover, it goes on, demand will race on to reach 13,1 million tons in 1991 — leaving a shortfall of almost 2 million tons a year that will need fresh production expansions that even at current prices will cost R1 000 million

That, by the way, takes into account the start of the Port Shepstone cement factory by Natal Portland Cement in 1984, with a capacity of about 450 000 tons a year

So it looks likely there will be elbow room for all the existing producers — and room to spare But how do individual prospects compare?

ANGLO ALPHA

This particular analysis has no hesitation in putting up a buy flag over Anglo Alpha, insisting the current share price is grossly underpriced on a five year view, giving it the highest growth potential both in capital appreciation and in earnings

It forecasts that Anglo Alpha earnings a share will move from 128,4c to 357c by 1968, meaning a compound growth of 23 percent a year On 1981 results, it was already the best return on equity (net profit before tax as a percentage of shareholder funds) at 21 percent

Next in line of favour was Pretoria Portland Cement, which investors were advised to hold Here the forecast for earnings per share was an increase from 216,3c in 1981 to 399c in 1986, an annual compound growth of 13 percent

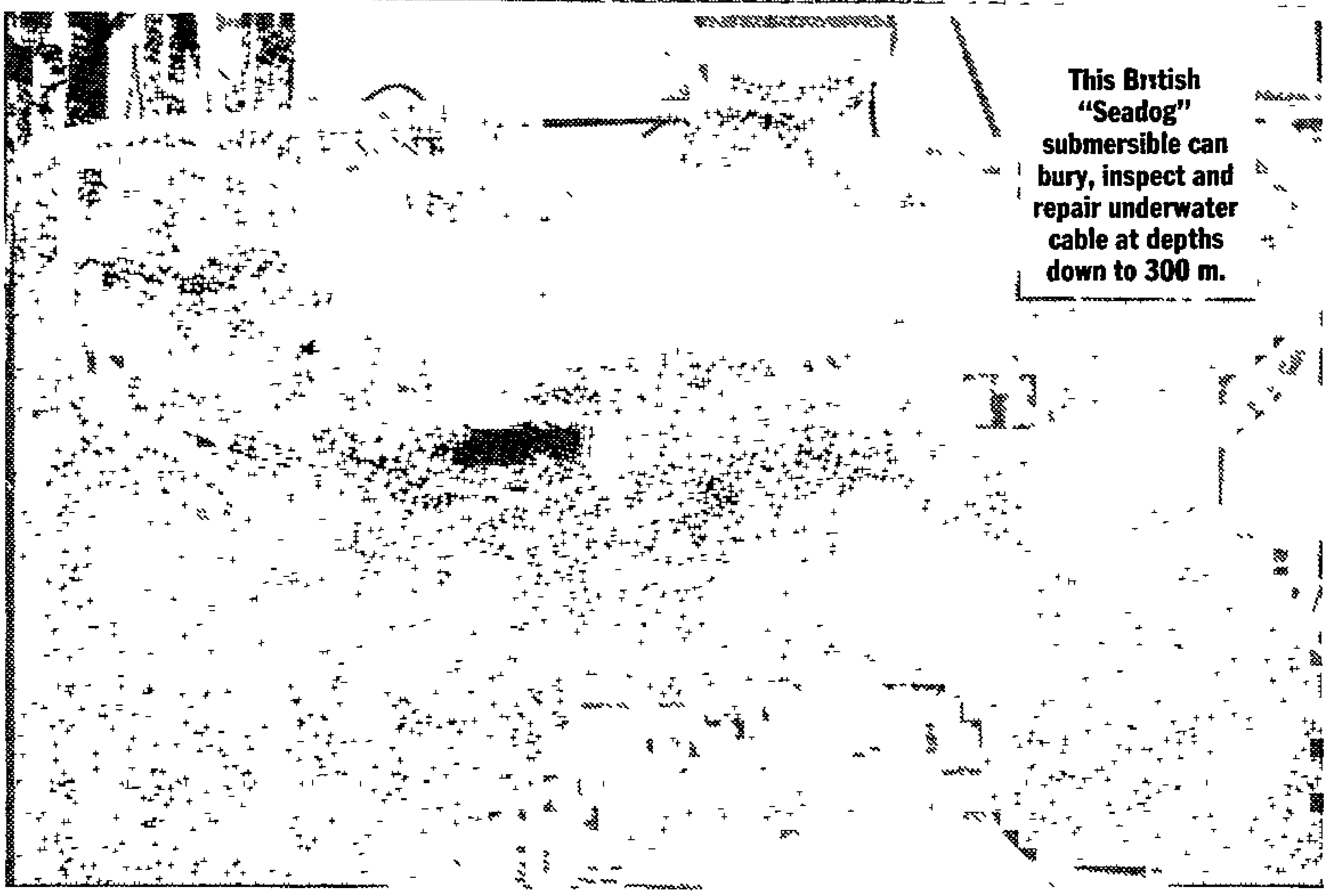
Taking a heavy dip in the ranking was Blue Circle, which the analysis reckons carries the highest investment risk, with a forecast increase in eps only from 109 to 182c by 1986, or a compound growth less than half that of Anglo Alpha at 11 percent

What troubled the analysis authors about Blue Circle was its growing use of borrowed funds, reflected in the 1981 results as the high interest burden doubled from R4,4 million to the brink of R9 million

They noted that actual net borrowings stand above R70 million at the end of 1981, near the maximum permissible total of R88,5 million in terms of its loan stock issue and the restrictive limit set by the Reserve Bank

"There are no indications as to how Blue Circle will counteract this mounting problem," says a commentary

British seadog digs deep



This British "Seadog" submersible can bury, inspect and repair underwater cable at depths down to 300 m.

Bleak future for brick plants as building trade hit by slump

193 Industrial Week 19/8/82

TONCORO (Corobrick) — presently closing two of its factories — may have to consider further moth balling unless building work stabilises soon, writes Lynn Carlisle

Cedric Savage MD of Toncoro told Industrial Week that although the cement brick factory in Bedfordview, Johannesburg, and the clay brick plant at Brierdene, Durban are closing down there are no imminent plans to close other plants

Last year Toncoro — the huge Tongaat-Hulett subsidiary — was expanding production and importing bricks

Now is is stockpiling bricks, but this has been limited by lessening demands, financial considerations, and high interest rates

"We are watching the situation at our Odendaalsrus plant for the Free State mines are cutting back on their use of bricks," said Savage

He labelled as "premature" speculation that unless the shortening demand for bricks in the Transvaal stabilised itself soon operations in the region would have to be seriously curtailed

"At this time we do not see the slowdown in the market place being such as to warrant much change in our overall production and modernisation programme," said Savage

So far it is believed about 150 jobs have been affected by the Brierdene and Bedfordview closures Should other factories become similarly affected more of the 14 000 workforce are likely to be put on special productivity programmes or made redundant

Cement price goes up yet again — 'first step'

S. Times 15/8/82. (193)

By Don Robertson

THE cement price is to be increased by 22,35c a 50kg bag from October 1 as a first step by the industry to generate an estimated R2 000-million

This is the sum required to provide additional production capacity so as to meet the expected demand over the next 10 years

The increase, announced by the South African Cement Producers Association, represents a rise of about 7,5% on the average price of a 50kg bag

The executive director of the association, Mr G E Taylor, said that the increase was necessary in the long term to generate the required capital for expansion and to ensure adequate company profits for strong balance sheets, and at the same time to offer a fair return to shareholders

In addition, producers had to cope with current high interest rates, increased taxation and rising costs, he said

"The cement producers have also faced the problem of significant increases over a number of years in the cost of the kraft paper used in the 50kg cement bags

"As a first step in correcting what has been an under-recovery situation, the differential between the price of bulk cement and bagged cement has been increased from 12c to 18c"

Mr Taylor said that the chairman of the Cement Producers Association, in his annual review for 1981 released in April, clearly outlined the problems facing the cement industry, "and we are now taking steps to handle these problems"

He added that there were clear indications that the majority of customers preferred smaller, more frequent price increases announced well in advance rather than a big annual increase

(193)

Salcast foreman killed

By SELLO RABOTHATA

A FOREMAN employed by Salcast (Pty) Limited in Benoni was shot dead and several others have received death threats after about 600 employees were retrenched last week.

The man was Mr Ezekiel 'Ngdlangadla' Moremi (43) of 12037 Barwa Street Daveyton Another man was also said to have been killed when he knocked off from night shift but this could not be comfirmed

Company officials said they did not know of any of these incidents One said "I can neither deny nor confirm this She said reporters should speak to a Mr Van der Merwe, who was not in Another said he did not think the killing had anything to do with the recent retrenchments

Although management seems to be in the dark over the matter, employees told **The SOWETAN** that those who had been retrenched were bitter about it Some blamed the superiors or "indunas"

The employees' hostel in Vosloorus built by the company, was also reported to have been damaged

One employee said "Two of the supervisors in a department have since disappeared and we are worried about them Many others fear they will also be victimised

BUILDING MATERIALS

193

Down the chute

FM 27/8/82

The slowdown in construction has inevitably hit building materials Sales by volume of structural timber and bricks are 10% and 5% down on last year And although cement volumes are still slightly ahead, year-on-year performance is expected to be lagging by the end of 1982 Manufacturers, who committed hundreds of millions on capex to cope with the 1980 boom, have been caught short again

Total capacity in the cement industry is 9,2 Mt A combined figure of R350m is being spent on two new cement factories, one at Samuma near Port Shepstone and the other at Ulco in the Northern Cape They will bring national capacity to 9,5 Mt once some of the older plants are phased out by the end of 1984

Cement sales for the first seven months of the year are slightly ahead of last year's — 4 716 970 t against 4 694 500 t But overall sales should be slightly down with a further drop-off of 4% or more next year

The industry takes a serious view of the anticipated capacity underutilisation Cement exports offer no solution because freight costs are high and most other cement-producing countries also have overcapacity

The CPA will once again ask government to try to even out fluctuations in infrastructural spending, but there are doubts this will produce results

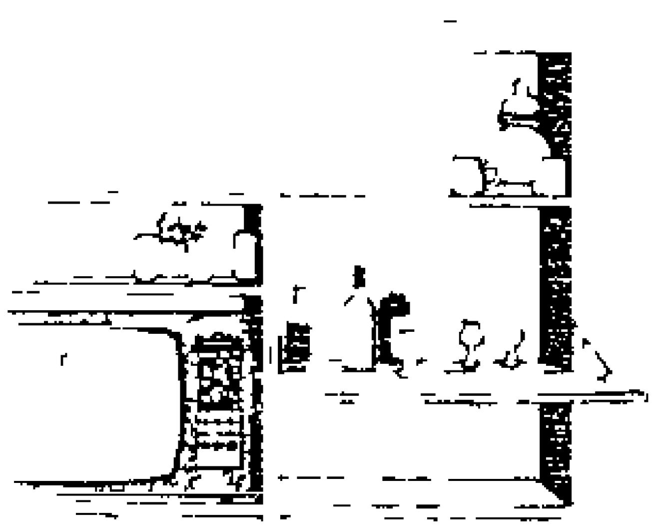
Toncoro MD Cedric Savage expresses concern at the spare capacity in the brick industry He says the company's plants around the country will steadily increase their stockpile during 1983 And he anticipates that most will enter 1984 with stockpiles of at least two months production

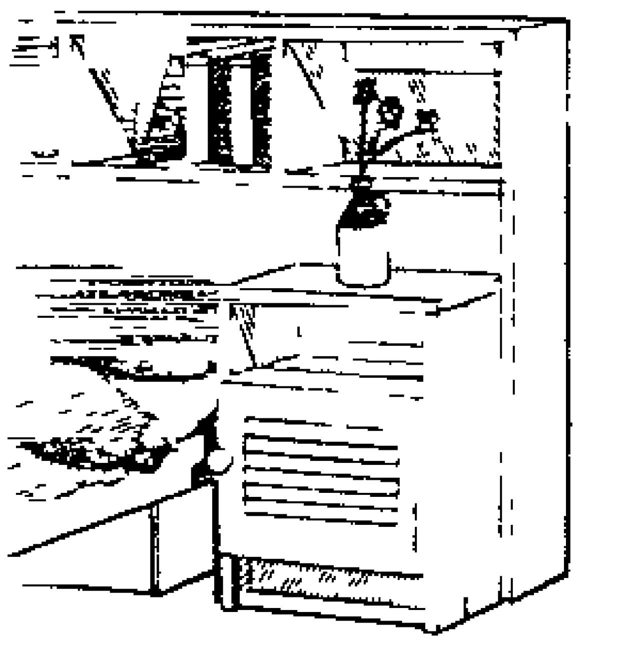
"The question is how long will we be able to hold those stocks with interest rates at 20%," he says "We are already doing sums on the interest we will pay on stockpiles against revenue we can expect if and when demand picks up If it does not pay to hold large stocks, we will shut plants"

Toncoro has closed its clay brick plant at Briardene and a cement brick factory at Bedfordview Other brick works likely to be shut down if the situation deteriorates are the Odendalsrus factory in the Free State, currently working at half capacity, and another Natal factory

Savage says Toncoro has been working on the assumption that the turnaround will begin early in 1984, but he adds that the recent rally in the gold price could point to a quicker recovery

Says he "With our increased stocks and additional capacity, we will enter 1984 in a much better position to supply demand than we were at the beginning of the last upturn"





(193)

Bricks will cost more soon

S. Express 12/9/87

By CHARLENE BELTRAMO

SOUTH Africans can brace themselves for yet another brick price increase

This is despite an assurance by manufacturers two years ago that prices would drop in times of over-supply if price control was removed

The predicted increase within the next two months was confirmed by Mr Cedric Savage, managing director of Toncoro, which controls by far the biggest share of the clay and cement brick markets in South Africa

He said the increase was necessary because of production cost rises, particularly in maintenance materials which had been adversely affected by exchange control, higher interest rates and pre-taxation

Two years ago brick manufacturers complained that price control on bricks distorted the free market because, during times of over-supply the price could not drop

Price control was lifted in April and the predicted increase will come at a time when the building industry is in a slump

Bricks presently constitute 20% of the final costs of building a home

But although it will be the second price increase this year — a 13% hike was announced the day after price control was lifted — the Bureau for Economic Research at Stellenbosch University said indexed increases in building were only expected to amount to 12% this year compared to 31,4% last year

A spokesman said the rate of increase had dropped because of a lack of new work, making tenders more competitive and forcing smaller profit margins

He said productivity had increased because fewer unskilled labourers were being recruited, as had happened during the building boom, and because existing building employees were working harder to maintain their jobs

"Material and labour are easier to come by although there is still a shortage of face bricks and plumbing materials The Free State, Durban, Pinetown and the Pretoria-Witwatersrand complex still also have worker shortages "

The slump, he said followed a bumper year for the building industry, which added R4 545-million to its coffers last year (not including the civil engineering sector)

The industry had witnessed an upturn because of the availability of matching finance for bonds and nearly 50% of the profits had come from residential buildings — substantially more than the usual percentage from that source

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The Registrar
South African Press Council
Box 10537
JOHANNESBURG 2000

[illegible] complaints [illegible]

The Secretary
[illegible]
Box 10537
JOHANNESBURG 2000

(252)

Fear of new rise in price of bricks

(193) Mercury 14/9/82

Finance Reporter

THE price of bricks is on the way up again, and Corobrik is expected to make an announcement today.

Mr Brian Waberski, managing director of Corobrik Natal, said yesterday although price rises were being reviewed, he had no details of when a price rise would be announced, or what percentage increase it could be.

However, a new pricing policy would become effective from October 1.

'Essentially it means that our products will be priced individually and there will be no more sweeping across-the-board price increases — unless of course there is a national increase in costs, such as the price of fuel going up.'

Commenting on reports that Corobrik was to stop its stockpiling of bricks and cut production instead, Mr Waberski said Natal had 50 million common, or stock, bricks in stock at present.

The price of bricks was last increased by 17 percent on March 29.

Toncoro takes fresh look at brick prices

Industrial Week (193) 21/9/82

A NEW brick pricing policy is to be implemented by Toncoro — the holding company of Corobrick and price hikes are on the way, writes Lynn Carlisle

Corobrick, which produces more than half of the country's stocks will no longer be subject to "across the board" percentage price increases as was the case before price control on bricks was lifted in March, said Cedric Savage, chief executive of Toncoro

"By reviewing prices on a regional basis and product by product basis we are able to take into consideration cost factors specific to certain products

"This will avoid the situation we had in the past where some products were subsidising others but we were unable to correct the imbalance," said Savage

The key principles to Toncoro's policy are

- Prices will be revised every quarter, and customers and specifiers will be told of any price changes at least two weeks prior to the effective date of the new prices
- New price lists will be issued every quarter, regardless of whether any changes have been made
- Savage said that prices were currently being reviewed and that certain adjustments were inevitable in the next six weeks

BRICKS FM 24/9/82

Prices pile up

193

Following its 14% price hike for bricks sold in the eastern Cape and OFS, Corobrik will raise prices in the Transvaal and Natal within five weeks

Cedric Savage, MD of Toncoro, Corobrik's holding company, says the size of the increases is still to be determined, but it will be "materially less" than in the eastern Cape and OFS, where the company has been losing money for the last 18 months

This flexible pricing has been made possible by the removal of price control in March

"For the past 18 years under price control, the procedure for increases was very mechanistic," says Savage "We had to negotiate with government and were granted an across-the-board revenue increase on a national basis which we then had to apportion between the various brick types

"It was cumbersome and it was not unusual to wait four months for government approval"

The old system did not take account of regional cost differences to the extent that some brick-making operations were unprofitable even during the last building boom, says Savage

The company now reviews costs regionally on a quarterly basis Customers can expect two weeks notice of smaller, but more frequent price rises than in the past

Other producers have not yet announced increases but are expected to do so soon

Says Brian Moorhead of the Brick Development Association "Corobrik is the major producer and I expect the same factors that make it raise prices will force others to do the same"

Corobrick bricks ... more costly for some

Savage blames the increases on maintenance, interest and transport costs which have risen more rapidly than inflation in the past six months He claims that SA bricks are still among the cheapest in the world

"The industry has received a boost by the Barclays Bank decision to finance home purchases," he says "Other banks will probably follow suit and more than R500m/year could become available to prospective home owners

"The money will be used mainly to buy existing houses, and will allow the building societies to lend more for building new houses This will buffer the industry during the recession"

Brick price rise 'being considered'

Mercury 30/9/82 193

Property Editor

WHILE brick price increases for the Free State and the Cape have been announced, discussions are still taking place on possible increases for Natal and Transvaal

Mr Keith Nurcombe, marketing manager, Toncoro, the holding company for the country's biggest brick manufacturers, said yesterday prices were now being formulated, product by product and factory by factory instead of the across-the-board increases stipulated during the days of price control

Prices will not be increased without two weeks' notice being given to customers and the media, he said

Current thinking in the industry is that prices of popular common bricks should be kept as low as possible to help keep down costs of ordinary and low-cost housing

But fancier styles and speciality products could carry a greater price increase

"The exercises on the new prices have not been completed in Natal and Transvaal,' said Mr Nurcombe 'Any increases in those provinces will come later in the year, possibly November, because we will stick to our policy of giving two weeks' notice and any recommendations on prices have to be approved by the Toncoro Board '

Bricks go up 9,5 pc

193

Star 15/10/82

By Stan Kennedy

The price of bricks will rise by an average 9,5 percent in the Transvaal from November 1.

Announcing this today, Mr Errol Rutherford, managing director of Corobrick, Transvaal, said. "The continuing spiralling of costs has forced adjustments. We have, however, tried to keep price adjustments on those products which most affect the cost of a family home — such as the plaster brick — as low as possible

"The price of plaster bricks will increase by only 5,2 percent, from R57,50 to R60,50 per 1 000."

Standard grade face bricks will increase by 5,7 percent, from R105 to R111 per 1 000, and superior grade face bricks by 13,7 percent, from R138,50 to R157,50 a 1 000

"The net effect in terms of added cost to houses is less than one percent and in some cases as low as a third of one percent," said Mr Rutherford

Corobrik's future pricing will be regional, with product lines priced individually

Prices will be reviewed each quarter

Bricks to rise by average of 9,5%

RDM 16/10/82

Mail Reporter

THE price of plaster bricks in the Transvaal will rise by 5,2% and that of standard face bricks by 5,7% on November 1

Over all types of bricks, including superior face bricks, the rise will average 9,5%

Plaster — or common — bricks make up 86% of the bricks used in the construction of a R50 000 plaster and paint finished house, with standard face bricks making up the balance

The effect of the increases on the cost of such a home is expected to be about R120

The biggest increase is on superior grade face bricks, used for high grade brick exteriors on houses in the R80 000 bracket, which will rise by 13,7%, from R138 to R157 a thousand The cost of this type of house will increase by about R265

A R60 000 home with a standard face brick exterior finish will cost R135 more

The price of common bricks will go up from R57,50 to R60,50 a thousand and that of standard face bricks from R105 to R111 a thousand

Announcing the increases yesterday, Mr Errol Rutherford, managing director of Corobrick Transvaal, said "We have tried to keep price adjustments on those products which most affect the cost of a new family home, such as the plaster bricks, as low as possible"

When the price increases were mooted last month, Corobrick announced that prices would henceforth be reviewed quarterly, by product categories and individual regions, and be related to cost of manufacture

The price hikes had been caused by increases in costs, said Mr Rutherford These included a 6% wage increase at all factories on October 1 An earlier wage increase — 14% in April — was absorbed

At present Corobrick has a stockpile of 47-million bricks — one week's production above the normal stock of 27-million

The next revision in brick prices is due on February 1 Will there be another increase? "I regret to say there probably will be It will be compounded of Escom's 16,3% rise in electricity prices due on January 1 and any increase in the New Year in the price of petrol and diesel fuel," said Mr Rutherford

RDM 27/10/82 (197)

Taiwan blamed for knitters' lost jobs

Labour Correspondent

LOCAL knitting workers have been losing their jobs as a result of South Africa's closer relations with Taiwan, Fosatu's National Union of Textile Workers claims

According to Fosatu's journal, Fosatu Worker News, local employers have told the union that, since the visit of the Prime Minister, Mr P W Botha, to Taiwan last year, Taiwanese knitwear is being allowed into the country "without any customs duties being applied"

One of the reasons, the union says, is that South African maize is being exported to Taiwan "on a large scale" and black knitting workers "are being made to suffer in order to increase the bank balances of South African farmers"

The union's opposition to allowing Taiwanese goods in without customs duty is likely to be welcomed by employers Companies in the textile industries have claimed they are unable to grant large pay increases because of competition from the East

The union says workers have been laid off at eight knitting factories

At one, it says, the company agreed to reinstate 78 retrenched workers, another agreed to go onto a three-day week rather than retrench and the union has won severance pay at five, it says

Two companies agreed to retrench workers on a last in, first out basis only and one agreed to guarantee that retrenched workers would be offered any new jobs which were created

STAR 2/11/82 193

PPC puts R300-m down

Financial Staff

The timing of a major capital project during an economic downturn is always difficult, but Pretoria Portland Cement Company has taken the plunge and is to start construction of a new R300 million cement factory at Dwaalboom, in the Northern Transvaal.

The decision, to be announced by managing director Guy Luyt this week, will increase annual cement production by 600 000 tons and will ensure that the company's 50 percent share of the market of nine million tons a year will, at the very least, be maintained

Financial director Chris Wrogemann says profits must fall in 1983 as the economic downturn tightens, but he maintains now is the correct time to increase capacity. Hopefully last week's one percent fall in the prime overdraft rate is an indication that interest rates are now firmly on the downward path.

PROFIT RISE

The company reported last week that pre-tax profits for the year ended September 30, 1982, rose 23 percent to R80,2 million.

Shareholders will not be approached to help in financing the project. The R50 million quarry necessary to feed the plant will be established by 1984

The factory is due to begin production in 1986 and the development is seen by stock market analysts as an early indication that the scrapping of price control on cement late last year will inevitably lead to keener pricing in the industry.

EFFICIENCIES

Industry sources say that while prices now fixed by the Cement Producers' Association are more in line with capital expenditure needs, cost control and production efficiencies will reflect even more the various companies' competitive standing within the industry

Mr Wrogemann maintains that the present cartel in the industry is necessary and the Competitions Board agreed with this but he also points out t' given today's more realistic price levels, efficiencies reflect directly on the competitive situation

Blue Circle Cement and Anglo Vaal's Anglo Alpha are the other two major cement manufacturers in South Africa

Since the removal of government structured cement prices, PPC has obviously taken a hard look at the future profit outlook and decided that the next economic upswing must be met by a more streamlined operation

Deputy - chairman Mr J P Cronje is due to retire at the end of this year and this is expected to bring the Cape operation of the group more firmly into the total overall structure of the group.

Very definite ideas exist within the group as to where and how it should be developing within the industry.

An immediate spin-off of this is likely to be a change in the company's name to PPC Cement and a request to the Johannesburg Stock Exchange for a transfer in the listing from the building sector to the chemical list

It is argued that the manufacture of cement is a highly sophisticated chemical process and this should be reflected on the JSE boards.

Company chairman Mr G H Buiterman said in November 1981 that the company planned to spend R700 million by the end of 1986 and the latest R350 million expansion is part of this programme

Further moves in the expansion programme will be explained to journalists this week when they undertake a detailed tour of group operations to enable company officials to explain in depth how the group plans to meet the next market upswing

Concern at poor quality of some 'farm' bricks

wkd post 13/11/82

BY SIMON BLOCH

THE quality of some farm-made bricks coming onto the market in the Eastern Cape is giving cause for concern, says Mr Dick Watkins, head of Building Regulations and Codes at the South African Bureau of Standards

In the East Cape, some farmers are using their labourers' to produce clay bricks — some of which crumble on impact or dissolve in the rain

The technical director of Toncoro, Mr John Ralph, warned of the dangers in using these bricks.

Used injudiciously — as foundations, for example — they could bring disastrous results, not to mention dampness and cracks

"The manufacturing process used for these bricks leaves a lot to be desired They are fired in a process where temperature conditions rely on the prevailing wind, and this production process cannot be controlled easily

"Used in foundations, exterior walls and parts of walls where there is a high load-stress factor, they could be dangerous

"However, there is evidence that some of these bricks do have reasonably long-lasting qualities, but this is usually dependent on how well they are fired," he said

During the brick shortage some farmers in developing areas cashed in on demand, along with small-time brick manufacturers

And because authorities exercised little or no quality control, inferior and shoddily produced bricks entered the market

They are still being used in some areas

When shown a batch of suspect bricks this week, the local chairman of the Brick Development Association, Mr Dave Osborne, confirmed the bricks' composition was not normal He said they "in no way conform with the standards"

But the SABS specifications are seldom adhered to

Mr Osborne said the bricks were very sandy, showed very little compressive strength and should have been rejected by a building inspector

The bricks contained stones, straw and other materials foreign to a "good" brick — evidence that the materials used had not been crushed properly

Stone "shoots" or expands when heated, and this can cause faults or weaknesses in the bricks

Two well-made bricks would ring when hit together, but the "suspect" bricks only made a dull thud

"It is bricks like these which give the industry a bad name," he said

With all the controls governing the standard of building in South Africa, surprisingly little attention seems to be given to the quality of the most basic of building materials — the bricks

The SABS guidebook's "notes to purchasers section", states that "the purchaser must approve a sample of six units submitted by the supplier and retain them for comparative purposes"

But the SABS guidelines do not appear to be legally binding

Weekend Post this week visited a building site in an Eastern Cape coastal town where bricks from different sources were being used

One stack of bricks, purportedly of farm origin, was known to have had a large breaking rate when off-loaded and stacked, and it seemed unlikely they would be approved by the SABS tests

A test conducted by Weekend Post showed the bricks to be more porous than normally expected Water poured over the bricks was quickly soaked up A brick left in a dish of water overnight was found to be damp and soggy next morning, with a layer of muddy slime at the bottom

All traces of the water had vanished, except for the moisture content in the brick and slime When the brick had later dried out, hand pressure was applied and it snapped in half

The "suspect" bricks also showed visible signs of uneven distribution of heat in the firing process, a factor which could cause weakness and stress

This was evident in the mixed coloration of the bricks, indicating that they had not been heated sufficiently in the firing process

The measurements of the batch of bricks tested were also found to vary from brick to brick, none of which conformed to the standard size specification for common bricks For common or stock bricks, the standard size is 222mm x 76mm x 110mm with a 5mm x 2mm x 2mm allowance

Measured exactly, it was found that a 14,3% shortfall in height would occur in a batch of 1 000 of the bricks concerned compared to an equal number of standard bricks

There have also been reported cases where exposed bricks have been weathered away by wet conditions It is known that the performance level of plastered common bricks is sometimes unpredictable, especially those made in uncontrolled processes

Clamp kilns or veld ovens are normally used for firing these bricks The stacked bricks are interlaced with coal and set alight, and during this process, little control can be exercised Unsuitable wind conditions can spoil a batch, and the amount of coal used is a critical factor

Very often, bricks situated on the outside of a stack do not receive enough heat, and these need refiring

But because of the great costs and length of time involved in refiring bricks, manufacturers are sometimes inclined to despatch their whole stock for economic reasons

If inspectors have any grounds to suspect that bricks do not comply with the standard, they can have them tested by the SABS If the bricks are found to be defective, the test costs will be borne by the supplier

But it seems building inspectors are loathe to confront manufacturers about their quality control

Some say builders, inspectors and authorities in small towns do nothing to enforce the standard because they fear being ostracised in a small community

When Weekend Post contacted the building inspector of the town, he said it was not his job to keep tabs on the standard of the locally manufactured bricks

"If I got involved, there'd be a riot on my hands," he said

According to Mr Mike King of the SABS in Port Elizabeth, most people are unaware of the specifications governing the quality of bricks, and they usually give builders the nod to begin work without laying down standards for materials

"If they specify that only bricks in accordance with SABS 227 be used, then they can expect to be safe Unless they do, they have no comeback if the bricks are faulty," he said

...pencil may also be used

3 Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used

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4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

PE brickmakers escaping the national pinch

E Post 18/11/82

193

Post Reporter

PORT ELIZABETH brick manufacturers appear to be holding their own and at least one is taking on additional staff, in sharp contrast to a rather bleak national picture painted by Corobrik, South Africa's largest producer

Mr Cedric Savage, chief executive of Toncoro, the holding company for Corobrik, was quoted as saying Corobrik had 130 million bricks stockpiled nationally, representing 20 days' production

About 500 staff members out of a complement of 14 000 had been laid off during the year

He said brick production was running at 93% of capacity despite the nationwide downturn But he warned that there were bound to be further reductions in production which would vary from place to place

A spokesman for Corobrik in Port Elizabeth, Mr Geoff Bird, said bricks were being stockpiled by Corobrik in the Eastern Cape, but not to the same extent as in other areas The local demand for bricks was still very high

He said it was not unusual for bricks to be stockpiled at this time of the year with the builders' holiday looming It was a time when orders tailed off

He said Corobrik would continue full production throughout the builders' shut-down No employees had been laid off

"But the situtation is fluid and will be evaluated early in the new year when it will be assessed what action, if any, is to be taken," said Mr Bird

One of the three members of the Brickmakers' Association of the Eastern Cape, Mr Eric Offerman, said his company was working "flat out"

He was not retrenching but actually employing additional staff One of the reasons for this was a new agreement concluded with the industrial council which now gave workers three weeks' paid leave compared with two weeks in the past This meant the leave had to be staggered over a longer period than previously

Mr Offerman said he would be working throughout the builders' shut-down to reduce a four-month waiting period on certain lines to three months

He said he could not speak on behalf of the two other members of the association but the feedback he had received from them was "fairly positive" They would be closing for the builders' shut-down as in past years

Automated brick making in E Cape

(193) E. Post 27/11/87

By Owen Parker

Property Editor

AT the touch of a button, a whole brick-making production line whirred with the sound of electric motors and rumbled into action in Port Elizabeth

It was a big moment for Deranco Blocks (Pty) Ltd of Kurland Road, Perseverance, manufacturers of concrete blocks, bricks and pavers, for it meant that the day of automated production had arrived for them

Officiating at the opening of the new plant was the Mayor of Port Elizabeth, Mr H van Zyl Cillié, who said the new facility represented an important marker in the industrial growth and progress of the city

Mr Cillié pressed the button which set the plant in motion

Chairman of the company, Mr P J Strydom, who paved his way to success through many years of devoted endeavour while at the helm of Strydom, Basson and Tait (Pty) Ltd, building contractors, now plays an active part in Deranco's affairs

Mr Strydom is ably assisted in his business enterprises by his two sons

Mr J H Strydom is assistant manager at Deranco Blocks while Mr J S Strydom is now managing director of SBT

Mr Rod Anderson, of SA Concrete Block Machines, agents for the US-built Columbia range of concrete product-making machinery, came specially from Johannesburg for the opening

He confidently attested that while the American equipment was not the cheapest on the market, "no one has yet ever been able to make one to do the work as well"

"As far as I'm concerned, the plant produced by Columbia Machine Inc is the best," he said

The new computer-controlled, fully automatic plant now in operation at Deranco cost R700 000 — and that is without bits and pieces of locally supplied supportive equipment and building facilities and alterations

"Just the green-painted equipment you see here," said Mr Anderson

And the plant, which has an estimated capacity of 100 000 bricks (or equivalent) a day, is impressive in action

Furthermore, only four people — a superviser and three operators — are necessary for full production

Different grades of grit aggregate, sand and cement are stored in bins and released into the mixer according to whatever predetermined programmes are fed into the computer for the particular product run

Correct moisture content of the mix (it must not be too wet as it is rammed into the moulds) is controlled by the computer

So, too, are the other delivery functions right up until the time they are conveyed to kilns for steam curing

The finished product, with additional water content added through the steaming process, stays in the steam kilns to harden for 24 hours after manufacture

Vibration as the mix was forced into the moulds assured a stable and densely impacted product, said Mr Anderson

South Africa, said Mr Anderson, had a great deal of building to do in the years ahead

He speculated that concrete block-, brick- and paver-making machines — from small ones with six labourers making 1 000 units a day, to the giants — would play an ever-growing part in the future

Stars 6/12/82 (193)

Cement up 5 pc — but producers to absorb costs

The price of cement is to increase by five percent on January 1, but producers will be absorbing cost increases of nearly R1 million a month.

This was revealed today by the executive director of the SA Cement Producers Association, Mr George Taylor.

Costs will be absorbed for as long as possible in an effort to fight inflation, he said.

The cement industry will be hard hit by the 16 percent increase in SA Transport Services tariffs in January and the 14.5 percent increase in Escom charges.

The only one of the January 1 increases we are passing on to the cement consumer is the direct delivery of the finished product," said Mr Taylor.

In 1982 the price of cement increased by 24,5 percent. There was a 17 percent price rise in April and a seven percent increase in October.

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Delivery price of cement to be raised

ROM 7/12/82

192

By NORMAN CUTHBERT

OWING to the forthcoming hike in freight rates, the delivered price of cement will be increased by between 2% and 5% from January 1.

However, Mr George Taylor, executive director of the Cement Producers' Association, said yesterday the price of cement itself would not be increased

It was merely the increase in the transport cost of the product from factory to the wholesaler's yard that would be passed on to the consumer This would vary from 2% to 5% per 50kg pocket according to the delivery distance

The decision by the CPA follows recent announcements by the SA Transport Services that transport tariffs are to be increased by more than 16% next year

"In fact, as a measure to help fight inflation, cement producers will absorb cost increases of R1-million a month on the input side of the order"

Mr Taylor said the cement industry was a heavy consumer of electrical energy and also relied on SATS' rail and road services to transport coal and raw materials — limestone and gypsum — to its plants

Escom's electricity charges are also due to be increased, by 14,5%, from January 1

"We will absorb the increases on the production side for as long as is reasonably possible," Mr Taylor added

Settlement reached in asbestos dispute

Mercury 12/1/83

193

Labour Reporter

A DISPUTE between the asbestos company Turnall Ltd and members of the South African Allied Workers' Union dating back to March last year was settled yesterday

A joint statement released by the union and the company said an out-of-court settlement had been reached

This was between the management of Turnall and certain workers formerly employed by the company following lengthy negotiations

'The settlement was reached with neither party conceding the validity of the case of the other,' the statement said

The dispute arose last March after a work stoppage when 33 workers formerly employed by Turnall Ltd alleged the company had refused to negotiate with them and was guilty of selective re-employment

The company denied these charges, and the workers made a request to the Industrial Court to be reinstated

27/1/83

D. Dispatch

Doctor's procedure concerns defence

ZWELITSHA — Defence counsel in an ANC trial told the regional court here he was concerned about the procedure whereby detainees taken to a doctor were certified healthy with no abnormalities detected although they were not thoroughly examined

Advocate M T K Moerane, of Durban said this during the cross-examination of an Aliwal North part-time district surgeon, Dr H J du Plessis

Dr Du Plessis was called by the state to give evidence about his examination of two people charged with furthering the aims of the banned African National Congress

The doctor produced a medical report in which he stated he had seen one of the accused and found him healthy with no abnormalities although he had only looked at his nose

Miss Jane Ntsatha, of Zwelitsha, and Mr Mncekeleli Peter, of Mgwali, have pleaded not guilty before Mr J A Dracatos to furthering the aims of the ANC

The state has alleged that they were members of the ANC, recruited members for the ANC possessed and distributed banned literature and recruited people to undergo training likely to endanger the maintenance of law and order

Mr Peter is also alleged to have taken steps to undergo training

Dr Du Plessis agreed with Advocate Moerane that his report on Mr Peter was extremely condensed and did not give a clear picture of what happened in his consulting room He conceded that the report did not refer to the nose-bleeding he had examined Mr Peter for

Mr Moerane said anybody reading the report would think that he had examined the accused thoroughly

Dr Du Plessis agreed that the report was not a full medical certificate

Mr Moerane asked him why he had not mentioned in his report that he had examined Mr Peter's nose The doctor said he was busy at the time Mr Peter was brought in

Asked by Mr Moerane if the reason was not that the policeman who had assaulted Mr Peter wanted a clean bill he replied he did not tell lies because that would create problems for him

Mr Moerane suggested Dr Du Plessis had been manipulated by Warrant Officer Bezuidenhout in order to certify Mr Peter healthy with no abnormalities detected The doctor said he saw Mr Peter alone in his consulting room

Under re-examination by the state prosecutor Mr P M A Pretorius, the doctor said he had not been manipulated He was a religious man and was not lying in court

In his evidence-in-chief Dr Du Plessis said Miss Ntsatha was brought to his surgery by the security police in November 1981 complaining of a sore throat She had acute tonsillitis and had one or two blisters in her mouth The blisters were compatible with tonsillitis or her biting herself

He did not examine her to see if she had been assaulted but only for her specific complaint

Mr Pretorius asked him what his reaction would have been if Miss Ntsatha had blue eyes and a swollen face The doctor said he would not have missed observing this and would have reported it to higher police officials

He said her state of mind was completely rational

Dr Du Plessis said he also examined Mr Peter that month

Mr Peter had complained of nose bleeding There was evidence that the nose had bled before There were small blood clots stuck to the hair in his nose

He said he did not ask him to undress because he had been brought with a specific complaint of nose bleeding He saw no signs of assault or injury and would have noticed them if there were any

Under cross-examination by Mr Moerane Dr Du Plessis disputed a suggestion by Mr Moerane that Miss Ntsatha had been taken to him in order to eliminate any accusations of assault that might be later alleged The doctor said she had been brought to him for a specific complaint

He agreed with Mr Moerane that if he had been asked to examine her for possible assault he would have examined her thoroughly

A former station commander at Jamestown W/O D R Spann, told the court that at no stage did Mr Peter complain of assaults while he was detained there He was never assaulted at the Jamestown police station If he was ever assaulted there he would have known about it It was not true that he was never given an opportunity to wash his clothes

He said Mr Peter was kept in isolation at Jamestown and denied access to a lawyer, his family, and a spiritual adviser of his choice

He denied that Mr Peter was not allowed out of his cell for exercises On many occasions he had wanted hot water and this was agreed to

W/O Spann agreed with Mr Moerane that entries for other security detainees were recorded as stocktheft although the detainees had been brought in by the security police for investigation under security He said he was not on duty when the entries were made

W/O P J Fouche, of King William's Town, said he was present when the accused were brought to the offices

He did not witness any assault or ill-treatment nor did he take part in any assaults on them

He took no interest in the investigation of their case and had carried on with his duties

The case was adjourned early in the afternoon until today because of a fault with the recording machine — DDR

CHEMICALS FM 4/2/83 (193)

Another giant on the cards

AECI, Anglovaal (AV) and the IDC are in a race against BP and African Selection Trust Exploration (ASTE) to establish what could be southern Africa's next big chemical facility — a R150m soda ash plant

The AECI/AV/IDC plan calls for a plant which would synthesise the product from salt deposits in the Cape The BP/ASTE scheme would entail an operation in the Makgadikgadi Pans in north-east Botswana The pans have one of the largest salt deposits in the world and also contain large quantities of phosphates

The capital costs of exploiting these remote deposits would be high because there is little infrastructure within hundreds of kilometres

However, as the soda ash would be produced by a natural process, operating costs could be considerably lower than the synthetic SA technique

BP's studies are being carried out by subsidiary ASTE, the former Roan Selection Trust (RST) company which BP bought from Anglo American several years ago. BP holds the rights to exploit the pans.

But the SA alternative seems more likely, provided government is prepared to come up with the protection which may be needed against imports. An AECI spokesman says his company evaluated the Makgadikgadi Pans in the past and believes a soda ash venture in Botswana would not be technically or economically feasible

Industrial Development Corporation (IDC) MD Marius de Waal gives his vote to the local option He hopes work will start this year, with the IDC and one or more companies involved

All soda ash, an important industrial alkali, is imported Annual imports cost some R50m to meet local demand of about 250 000 t/year About 48% is taken by the glass industry, which uses it as a flux to lower the melting temperature of raw materials The rest is used in a range of other industries, including steel (26%), paper (10%), chrome (5%) and detergents (3%) Imports come mainly from the UK and US

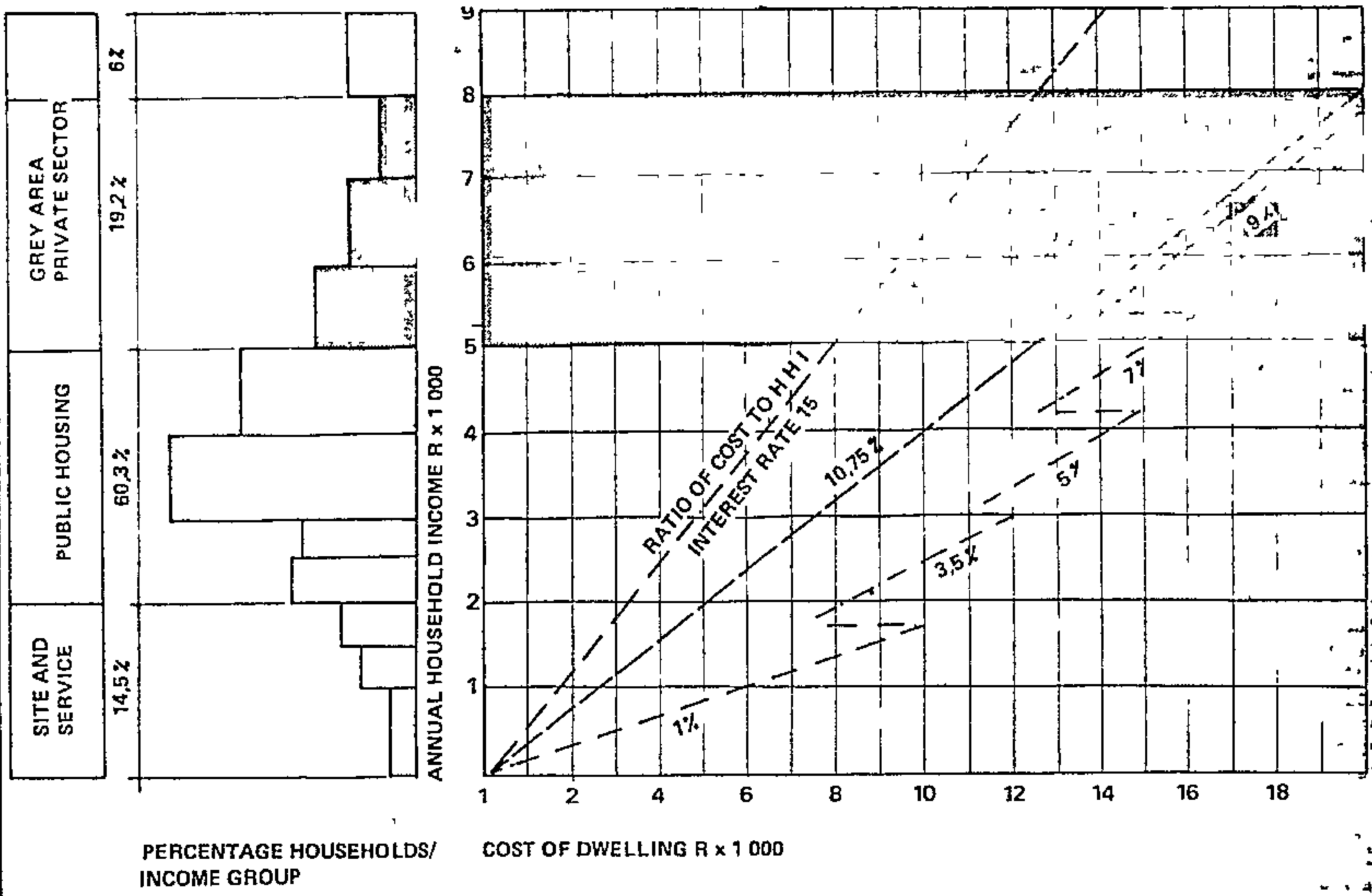
The landed price of soda ash at the coast is now about R180/t against R200/t in 1981 — and prices are still falling However, railage to the Transvaal adds another R50/t If a local plant comes off, its timing would be influenced by projections on import prices Further strengthening of the rand will increase the attractiveness of imports

Zambia and Zimbabwe both have glass factories which would presumably be ready buyers. But soda ash is a relatively low-priced, high-bulk commodity and exports to distant consumers are unlikely to be viable in the fiercely competitive market Only one plant in southern Africa, therefore, is likely to be economic

AV will play a key role in the final choice Not only has it developed a process to make soda ash, but it owns 56% of Consolidated Glass (Consol), which dominates bottle-making in SA

Consol has expanded capacity with a new R32m factory which opened in November; and Nampak is busy with a R42m factory for its forthcoming glass market challenge Estimated real annual growth of demand for glass in SA is about 6%

One glass producer says manufacturers would welcome a local source of soda ash But he notes that glass and metal packaging costs are now about equal If the price of soda ash, the most expensive raw material used in glass production, rises unduly, bottles could be priced out of the packaging market And soda ash would take a knock along with them



The graph shows what price house a person can afford to buy on his household income (HHI) at the normal interest rate of 15%, and how he can be pushed into a higher "affordability" range if the interest is subsidised to 10,75% or less. The figure assumes that the person will spend 25% of his income on the repayments, which will be over 25 years.

RDM. ~~124~~ 193

Everite keeps options open

11/2/83

HOME FRONT

WHEN Everite employees in East London were told the company would consider setting aside an area and putting up houses for them, the employees said no

"Because we work together doesn't mean we want to live together," they said

They even rejected a variety of house plans and preferred to buy administration board-built "box" houses because they felt they were better value

Dr Llewellyn Lewis, marketing manager of Everite Ltd, tells the story to illustrate the need for keeping one's options open on the housing front

He believes building or providing actual housing is not the only way open to companies who want to help their employees house themselves

"Every little bit helps," he told HOMEFRONT

That help can also be in the form of encouraging employees to buy their homes, sorting out the regulations and helping the authorities streamline the administrative process

"I don't believe housing should be tied to employment," he says "Obviously, if a company has helped a lot with housing it will need security for its money, and the employee must then expect his house to be coupled to the employer

"But generally a person shouldn't have to fear he will lose his house because he loses his job "

Although Everite's own business is building materials — roofing, fascia boards, ceilings, slates, moulded articles — it does not have a house building scheme for any of its employees

The onus is on the employee to house himself but he also knows Everite will advise him on finance and how to go about negotiating a building society loan and acquiring home ownership

The company does not itself provide loans, although it may help an employee of sound financial standing with bridging finance

Everite also helps the wider public by issuing a free booklet on "Home ownership — all you need to know" for urban blacks (Obtainable from Ms L Fourie, Marketing Department, Everite Ltd, 20 De Korte St, Braamfontein TELEPHONE 39-5411)

The company also gives even the small home-owner advice on matters such as roof costs and the effect of pitch, material or colour

While Dr Lewis believes that socially responsible companies can and should become involved in the housing process, he stresses that social responsibility can only work if it is coupled with profitability

The problem there is that 75% of people cannot afford to buy the kind of house the private sector can afford to build

A survey of urban black households on the East and West Rand in 1980 showed that 75% earned less than R5 000 a year and could not, therefore, at normal interest rates, afford a house costing more than R8 000 (see graph)

Dr Lewis says that unless black incomes rise substantially, interest rates drop or subsidies enable more people to afford housing which the private sector can then build on large scale, the Government is still going to have to provide most of black housing

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4. Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

EDSON

PE loses out on R150 million plant to produce soda-ash

(193) (48)

E. Post 26/2/83

By FRED ROFFEY

CAPE TOWN — Hopes that Port Elizabeth would get a R150 million soda-ash plant have been dashed by a report that it will be established in the Western Cape

The possibility of a soda-ash plant being established in Port Elizabeth to serve South Africa's glass, metallurgical and chemical industries was suggested as far back as November, 1981, by Louis Heyl and Associates of Pretoria, a firm of consultants appointed by the Greater Algoa Bay Development Committee (Gabdec)

The chairman of Gabdec, Mr Rocky Ridgway, said this week he was aware of the decision by the companies involved — AECI, Anglovaal and the Industrial Development Corporation

"It was never specifically established that the Port Elizabeth area should have a soda-ash plant When we appointed Mr Louis Heyl as a consultant, we felt there could have been an opening for such a plant in the Algoa Bay area

"We asked him to find suitable principals, which he did The companies in-

● Turn to Page 2

PE loses out on plant to produce soda-ash

193 E. Post 26/2/83

● From Page 1

volved did thorough investigations and their decison to establish the plant in the Western Cape was based on geographical and topo graphical suitability

"Obviously it would have been a very interesting industry to have had in this area To establish a soda-ash plant is very capital intensive and it could have been the catalyst for a large chemical industry in Port Elizabeth

"A plant such as this would also have served to lower our high unemployment figures"

Now the West Coast towns of Velddrif Laaiplek, Saldanha and Dwarskersbos are said to be earmarked as possible areas for the establishment of the project

However the companies reportedly involved are hesitant to say more than that negotiations are under way

The managing director of the IDC Mr Marius de Waal says there is a strong possibility the project will go ahead through the IDC and one or more companies

Another report says BP and African Selection Trust Exploration are keen to establish a soda-ash plant in north-east Botswana but the costs of exploiting these salt deposits would be high because there is little infrastructure within hundreds of kilometres

Now the question is being asked, would BP and African Selection Trust Exploration consider the Port Elizabeth area, with its deposits of salt and limestone, for the establishment of their own project if the disadvantages of the Botswana site are found to be too great?

There is a feeling they should investigate Port Elizabeth – despite the fact that a probe once undertaken by the IDC failed to identify an "economic" location for salt production in the Algoa Bay area

But those investigations were superficial, according to Louis Heyl and Associates in a report submitted late in 1981 to Gabdec

Mr Ridgway said this week he thought it was unlikely that another soda-ash plant would be established

Carbon Black to convert waste gas into energy

E. Post 26/2/83

A R5-MILLION energy-saving expansion by Port Elizabeth's Phillips Carbon Black Company is to be officially-commissioned on Wednesday next week

The scheme, designed to convert waste gas into a productive energy source, has the double cost advantage of saving on the pollution-controls which had previously to be applied before the waste gas could be vented into the atmosphere, according to the company

Phillips Carbon Black (Pty), is jointly owned by the Industrial Development Corporation and the Phillips Petroleum Company of Oklahoma USA (one of the single largest petroleum and industrial groups in the world The company is the sole SA manufacturer of oil furnace carbon black — an essential compounding ingredient in the manufacture of tyres and mechanical rubber components

The official commissioning, which is to be celebrated with a cocktail reception at the Edward Hotel in Port Elizabeth on Wednesday evening, will be attended by company chairman, Mr Danie Vorster (general manager of the Industrial Development Corporation).

Explaining the latest expansion, marketing manager Mr Paddy Stopford told BUSINESS POST this week that the production of a certain amount of "off-gas" was inevitable in the production process

"As this only contains about 20% combustible material the gas had to be passed through an oil-fired incinerator to meet air pollution requirements before being released into the atmosphere

"With the installation of the new plant it is possible not only to burn the 95 000 cubic metres of off-gas with the minimum addition of supplementary fuel oil, but to use the heat produced to generate steam As the steam generated is more than Philblack requires, it has contracted to supply steam to an adjacent factory and to the nearby municipal sewerage works"

Designed and installed by Rekuperator K-G Dusseldork, the installation is capable of recovering the equivalent of 3,5 ton/hours of coal, or 24 ton/hours of fuel oil

(193) ~~(124)~~ ~~(166)~~

Strike threat after R10 'fine'

C. Herald 26/2/83

Cape Herald Reporters

WORKERS at a Klapmuts brick factory have threatened to go on strike after their boss took R10 off each of their wages on Friday, "as punishment for stealing his grapes"

One of the employees of the company, Vlakte Bricks said "He (the boss) lined us up, told us to tear open our pay envelopes and personally removed the R10

"Those who refused to open their envelopes were instructed to hand back their pay"

All the workers at the plant, which reportedly produces 100 000 bricks a day, are housed on company property On Sunday most of the 38 men and women involved in the dispute said they were prepared to strike to force their boss, Mr Johan Faure, who is also the owner of the factory, to hand back their money

One of the men said "Mr Fourie's been going on about his grapes for a long time, always accusing us or the children of stealing

"A few weeks ago he said he had sprayed the crop with poison, and beware anyone who tried to steal

'But that didn't help because on Friday at pay time, he called us all together and said he was sick and tired of 'this messing around' with his grapes

"He said as punishment he was taking R10 off each of our wages He then handed us our sealed envelopes, ordered us to open it and removed the money"

Another man said he and eight others had refused to open their envelopes

"Mr Faure then took back our pay, telling us we'd get it back once we agreed to hand over our R10"

A woman who worked in the factory asked "Why should we be treated like animals? Our living quarters are bad enough and we can barely come out on what we get R10 is a lot of money to us"

In a telephonic interview on Monday morning, Mr Faure said "I don't have anything to say over the telephone I would suggest that you come out here and have a look around to see the damage (*skade*) these workers are causing"

Cement sales down but income went up

193

Star 28/2/83

Financial Staff

The extent to which the decontrol of pricing has affected the cement industry in South Africa is apparent from the annual statement of Mr Peter Byland, chairman of Anglo Alpha

He says that although cement sales were down 6,1 percent because of reduced demand in 1982, this division achieved a 22 percent increase in net operating income for the year This was thanks to two cement price increases during the year

Mr Byland says profits must be related to the depreciated cost of plant, and returns on investment expressed as a percentage of current rather than historical cost so that the profitability of the group's operations is comparable with that of other organisations which replace fixed assets at shorter and more regular intervals

Anglo Alpha plans a R373 million expansion programme for the next five years. R227 million will be spent in the cement division.

Earnings will be similar to the R27,2 million net earnings in 1982

[redacted]

Anglo-Alpha to spend R373m in five years

(193)

RDM 28/2/83

By JOHN MULCAHY

ANGLO-Alpha, one of SA's two biggest cement producers, is budgeting for capital expenditure of R373-million for a five-year expansion and replacement programme from 1983 to 1987.

The chairman, Mr Peter Byland, says in his annual review R220-million has been allocated for expansion and R153-million for plant and equipment replacements

Most of the expenditure relates to the cement division, whose budget is R227-million in 1982 money, most being set aside for the completion of a kiln at Ulco

The decision to go ahead with the heavy capital expenditure programme was based on a healthy improvement in cash flow last year to R7-million from R60-million

The debt ratio, which increased to 40,4% from 36,3%, is well within Anglo-Alpha's long-term objective of 50%, says Mr Byland, and on present and expected results over the next few years "it appears that the company will not need to ask shareholders to provide further funds"

Mr Byland says the group will experience the full effects of the recession this year.

In the current economic conditions it would be optimistic to expect price levels of the group's products to rise more than is necessary to offset production-cost increases

"However, profitability is likely to benefit from improved productivity arising from the closing down of the uneconomic cement kilns at Roodepoort, and the old lime kilns at Ulco

"Therefore, 1983 is likely to be a year of consolidation and the group is budgeting for earnings to be similar to the 1982 level and to increase its dividend in accordance with its stated policy, provided economic conditions do not deteriorate more than outlined above"

Anglo-Alpha's taxed profit rose marginally in nominal terms last year to R38 984 000 from R38 618 000 in 1981, but the annual dividend was increased by 16,7% to 42c from 36c.

The policy of allowing dividend cover to exceed the average target level of two times in the last few growth years made the increased payment possible, says Mr Byland

"This is in line with the company's aim of at least matching the inflation rate and is the seventh consecutive year of increased dividend"

Mr Byland says reduced activity this year will allow the group to attend to the condition of plant and equipment, which in many cases during the recent times of heavy demand could not be taken out of service for major inspections and overhaul

In response to the need to improve customer service Anglo-Alpha's cement division will spend about R30-million on cement depots in strategic locations In the industrial division, Union Lime will spend R22-million to complete its No 7 kiln

About R66-million has been allocated to the stone division for the replacement of mobile equipment and plant modernisations and upgrading

BRICKS FM 11 3 83

Stockpiles sag

193

There are signs that brick stockpiles, built up after months of sluggish demand, could be absorbed sooner than expected. Brick producers say the higher gold price, lower interest rates, and falling oil prices are indications that recovery is imminent in the building sector

Cedric Savage, MD of Toncoro, SA's largest brick producer, says sales in January and February were very encouraging, although it is too early to tell whether the trend will be sustained. He estimates the total stockpile at around 30 days' supply, but says this could disappear if there is a recovery

Some plants, he says, are continuing to stockpile slowly, especially in areas where demand is poor. Offtake in the Transvaal is well above last year's and sales are firm in the Western Province. But sales are poor in the eastern Cape, OFS and parts of Natal

According to Savage, Toncoro is currently working at 93% capacity, but predicts it could be back in full production by the end of the year if Western economies come out of recession. He notes that there is normally a nine to 12 months' lag between improvements in international economies and SA's building industry

Factory to shut at end of month

193

E. Post

17/3/83

Post Reporter

EVERITE LIMITED today announced the shutdown of its Port Elizabeth fibre-reinforced cement manufacturing plant at the end of this month

This means that 74 workers at the factory will lose their jobs

The executive director, Mr Martin Mealin, said the decision to close Everite's smallest factory followed a rationalisation study conducted over the past year

"Geographic demand has forced an increase in production capacity at our factories in Kliprivier, Brackenfell and East London These factories can meet national demand for the forseeable future in the most economical way," he said

The company would maintain a warehouse and sales branch office in Port Elizabeth

Mr Mealin said Everite was "very aware of its responsibility to those employees affected, who will be given generous retrenchment benefits"

Pre-mix concrete plant for U'hage

(193) E. Post 19/3/83

A NEW pre-mix concrete plant is now being erected in Uitenhage and will be fully operational next month

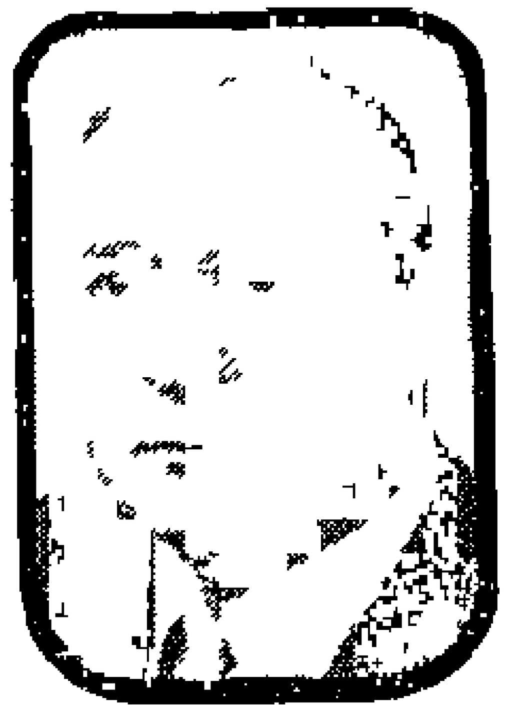
Mr F W Roberts, marketing manager of Quarryman (Pty) Ltd (which embraces the Ready Mixed Concrete and Quarry Sales operations in Port Elizabeth), said the upgraded facility was planned to keep his organisation in the forefront of concrete marketing and service in the Uitenhage area

"The new plant will replace the production unit which has served the needs of the local market for 15 years

"The modernised facility will have an output of 60m³ an hour and has been designed in-house by Quarryman engineers," said Mr Roberts

Latest design concepts had been built into the plant, and fabrication and erection were also in-house, he said

The new machinery, built at the company's Port Elizabeth headquarters, was a "gaze-stopper" for motorists during its recent trip to Uitenhage by road



By Owen Parker
Property Editor

Mr Roberts said that while from the vital statistics point of view its mass for a road-haul was not exceptional, its bulkiness was

Two large horse-and-lowbed-trailer units, plus another large truck and a service vehicle, were in the Uitenhage-bound motorcade, said Mr Roberts

The route for the journey had to be carefully planned to avoid low telephone lines, power cables and bridges, he said

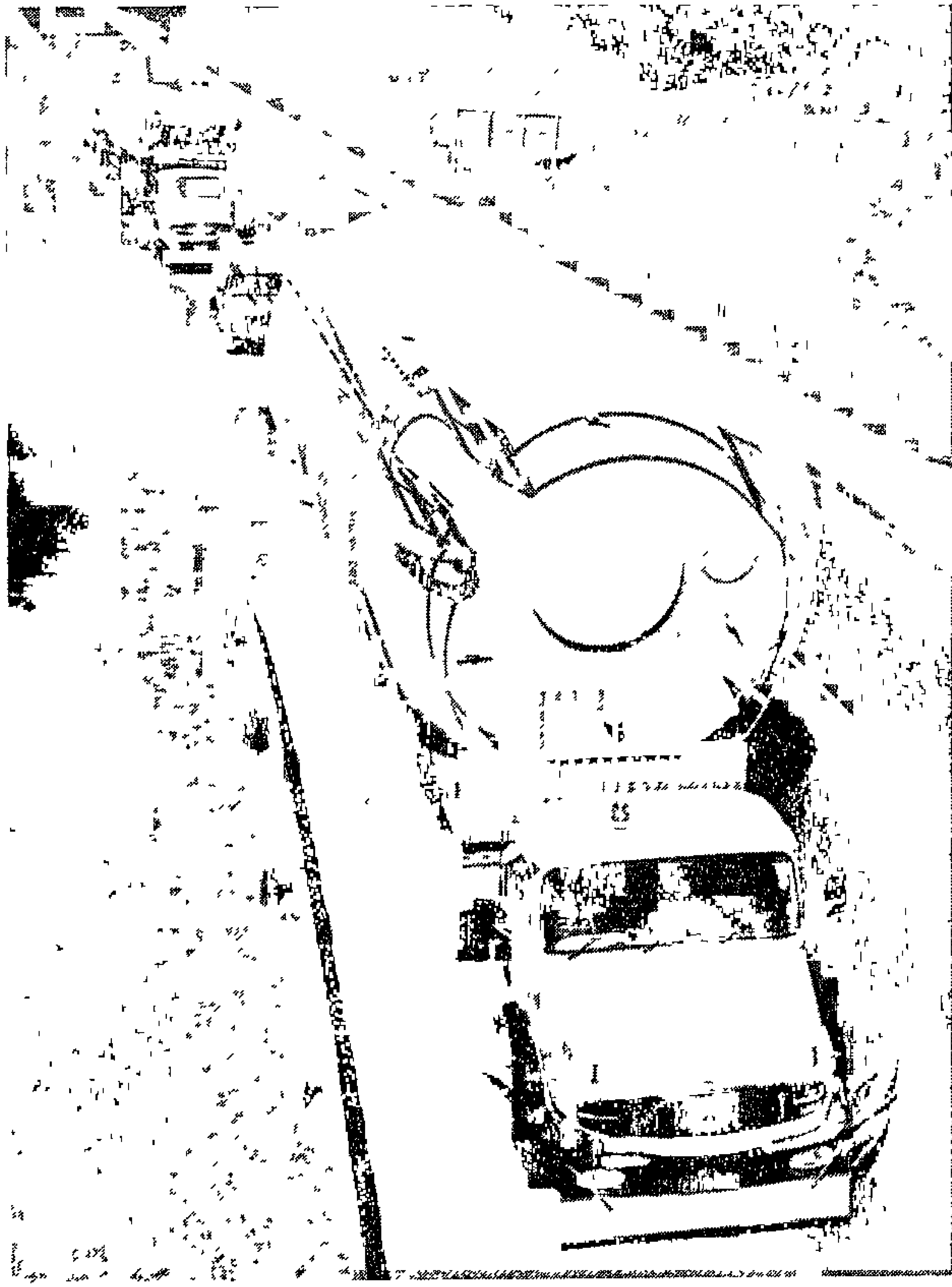
A fully equipped quality control laboratory, complete with concrete cube testing equipment, was also being installed at the Uitenhage facility of the Ready Mixed Concrete division of Quarryman, said Mr Roberts

This would improve materials control and service

The present lull in the construction business and consequent drop off in the demand for materials, had given the organisation the ideal breathing space needed to beef up its operations generally

It was now preparing to meet the anticipated increased demands of the future

"Recent announcements about major property developments in Uitenhage point to the wiseness of our decision to be prepared," he said



The route from Port Elizabeth to Uitenhage for this four-vehicle convoy had to be carefully planned to avoid overhead obstructions The bulky load of a concrete mixing plant was safely delivered, is being erected and is scheduled to come on stream next month

Star 24/3/83 (193)

SA building industry 'heading for recovery'

By Frank Jeans

The South African building industry is heading for recovery and a decline in interest rates has sparked an upturn that will start about the middle of next year.

The private housing sector is particularly poised for a renewed surge in investment, with the inflow of building society funds still strong and mounting pressure for a drop in the mortgage rate

The latest issue of Building Survey, from the Bureau for Economic Research at the University of Stellenbosch, sees this year as a "year of consolidation" and predicts the real take-off will take place in 1984.

"With building society deposit rates declining in line with the downward trend of short-term interest rates, pressure will mount for the societies to reduce the mortgage rate

"Easier availability of bonds and some drop in mortgage rates should have a impact on investment in private housing"

The bleak spot in the report is the review of the country's troubled agricultural sector

The survey predicts that the declining tendency in building costs, first evident last year will continue, while on the labour front wages should rise more slowly as a result of the reduction in the overall inflation rate and the decision not to grant civil servants a general salary and wage rise this year

Price of bricks in Natal to be raised by 8 percent

30/3/84 Mercury (193)

Property Editor

BRICK prices in Natal are to rise by an average of 8 percent from Friday

But the increase is not expected to make much difference to home-builders — the price component of the average house is about 6 percent of the total cost.

Mr Brian Waberski, managing director of Corobrik Natal, said typical increases in Durban were common bricks from R72,50 a thousand to R78,50; and face brick from R137,50 a thosusand to R148,50.

He denied allegations made by builders in telephone calls to The Natal Mercury that bricks were being held back in stock pending the increase.

'We are taking bricks out of stock as fast as our transport can handle them,' Mr Waberski said.

Brick prices have been decontrolled for just about a year — their release from control was announced on Budget Day in 1981

Toncoro marketing manager Keith Nurcombe said brick prices were now set by individual companies acting independently.

The vice-chairman of the recently formed National Home Builders' Association, Mr Reg van Rij of Pinetown, said the brick-price increase would have little effect on the cost of a house

'More important is the impending reduction in mortgage bond rates by the building societies. A 1 percent reduction will have the effect of wiping out the whole of the extra cost input for last year

'Corobrik is not acting irresponsibly, if people are surprised by an increase in the price of bricks, they only have themselves to blame One must expect increases and this one will have no serious effect'

BRICKS FM 3/6/83

Low on futures

193

Building material cost increases are at their lowest in three years, but sharp new hikes look imminent Indications are that increased activity on the building front is contributing to stepped up demand for materials and Toncoro, for one, is preparing to move clay brick production into top gear

Indeed, the March Stellenbosch Bureau for Economic Research (BER) building survey confirms a detectable improvement in the business mood in anticipation of the expected increase in contracts (*Property* March 25)

The danger, however, is that if building contractors do not plan sufficiently ahead, the industry could face drastic shortages again, warns MD Cedric Savage

Savage says brick sales are now at their highest since the 1980/1981 boom But the lack of advance orders has him worried and, in what looks like short-sightedness, builders' advance orders for clay bricks are at a two-year low

Activity in the cement industry is also perking up for the first time since last year's steep drop in output March 1983 sales showed an increase of 22,8% on February, and 2,9% on March 1982 But on a nationwide count, cement sales are still down on 1980/81, although the SA Cement Producers' Association's George Taylor says production is keeping up well with demand

Corobrik, however, is now running at 93% capacity, and could move to 100% capacity by the end of the year if demand picks up further Savage says Toncoro's new brick production programme, including the R30,6m Rietvlei factory near Pretoria and the R10m Lawley undertaking will be well timed to take advantage of the improvement in the construction industry

Savage maintains that the building trade is well on the mend "Not since the 1980-81 boom has there been such a high level of building activity, particularly in the residential sector," he says The National Association of Home Builders' home building cost index (see box) confirms this

Since price control on bricks and cement was lifted in April 1982, there have been two significant brick price increases in the Transvaal (17% in April 1982 and 9,5% last November) And then the price rose again in January — by 3% — which means brick costs have risen more than 30% in the Transvaal since April last year And another increase has been forecast for August

Cement prices, which were last raised in October, are similarly expected to go up again in the next few months

Brick shortage as housing demand rises

193

RDM 17/6/83

By NORMAN CUTHBERT

A BRICK shortage has arisen in the Transvaal in the past few weeks, but it is not likely to reach crisis proportions, says Toncoro's managing director, Mr Cedric Savage.

At present deliveries of stock (or plaster) bricks by all manufacturers in the Transvaal are subject to delays of two to four months because of an unexpected and prolonged increase in demand.

Corobrik, which has a 50% share of the Transvaal brick market, is to meet the situation by railing in supplies from the Free State and Natal, which are not experiencing similar shortages, he says.

All Corobrik clay brick factories in the Transvaal are working at maximum capacity The only factories in the province that have been closed are a cement block plant and a lime-based brick factory, both of which were uneconomic

Attempts by the Corobrik group over recent months to build up a stock equal to three months' output countrywide have been thwarted by a demand considered abnormal in the light of the current recession

Heavy sales have prevented the stockpile from growing larger than 31 days' supply and in certain types of brick all built-up stocks are now exhausted

The delays mostly affect stock bricks, but have hit high-quality face bricks, which are also in heavy demand At present average-quality face bricks are available

Although there is no crisis, builders are advised to order in advance to enable manufacturers to schedule their production and distribution

The situation for high-quality face bricks is expected to improve greatly when the R31-million Rietvlei factory, south of Pretoria, comes on stream next year

The capital-intensive plant, which will have an ouput of 81-million bricks a year, will be the group's most efficient production unit and add about 10% to its production capacity in the Transvaal.

Overall, Corobrik sales nationally are only slightly higher than at this time last year

He attributes the position in the Transvaal to the increased demand for residential housing in recent months, caused by the increase in the lending capacity of building societies

"In all probability the delays will be a short-term phenomenon as the situation is an anomaly in a recession climate

"Factors that will restrain the present high demand for bricks in coming months include the rising cost of house building and the shortage of serviced sites," he says

R27-m glass-processing plant for Bophuthatswana

By Stan Kennedy

An official sod-turning ceremony took place yesterday (Friday) at Ga-Rankuwa, Bophuthatswana, where a R27 million glass-processing factory to serve the motor industry and replacement market is being built

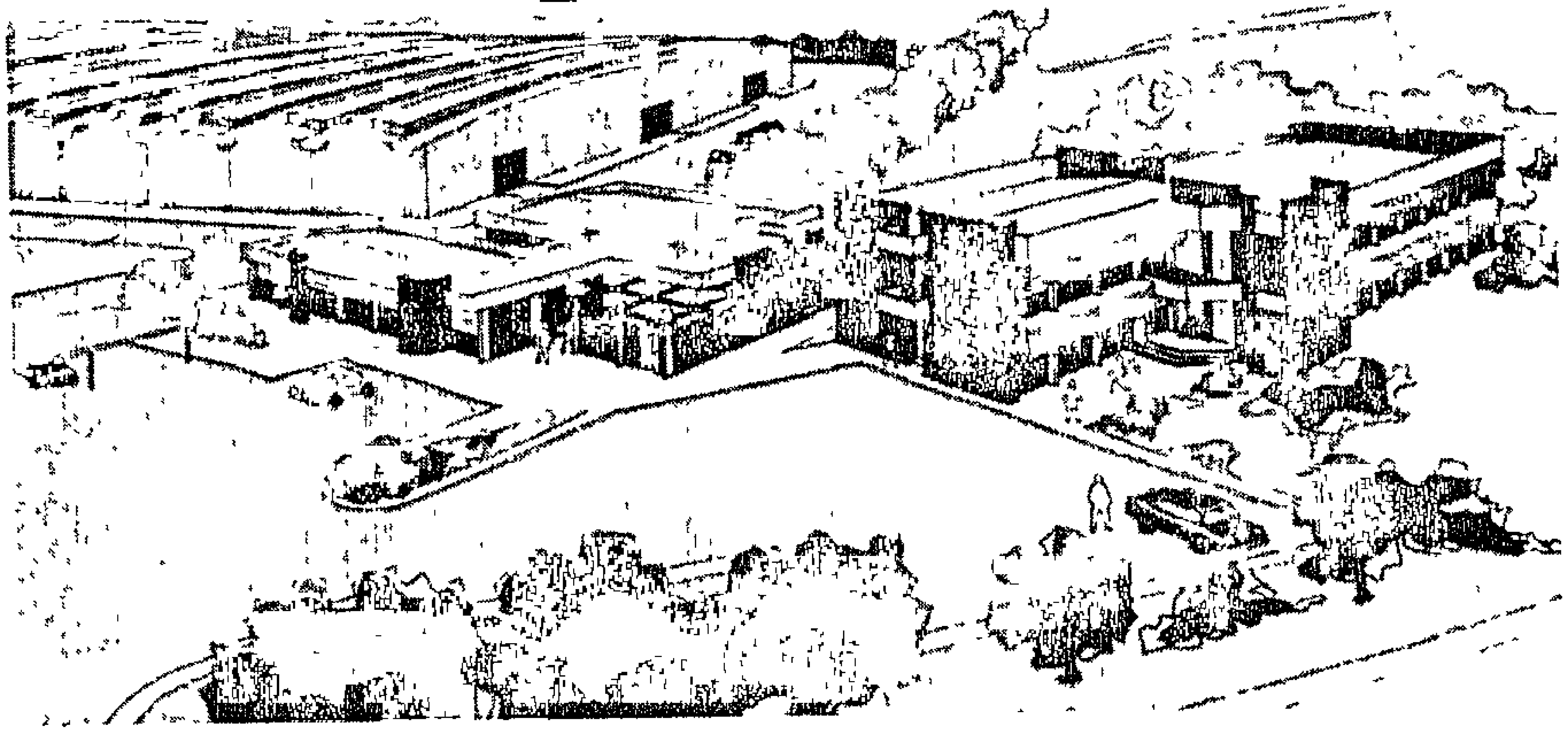
The project is a joint venture by three financial institutions with substantial interests in motor companies They are Wesco, which controls Toyota and owns 40 percent of the new project, Messina, which controls Datsun and owns 30 percent, and Amic, which controls Sigma and also owns 30 percent

The directors of the new company, Wesglas, represent the three financial institutions They are Dr Albert Wessels (chairman), Mr Chris Griffiths, Mr Paddy Koevert, Mr Peter Whitfield, Mr David Dry, Mr Danie du Preez, Mr Callie van der Merwe and Mr Terence Kelly

Raw material sheet glass will be procured from Pilkingtons The initial programme, when the plant opens in July next year, will be the manufacture of laminated vehicle windshields and tempered side and rear windows The rear windows will be fitted with demisters

There are already two glass manufacturers — Shatterprufe of Port Elizabeth which makes laminated windshields and Pilkingtons of Springs which makes tempered glass

However, the new company is confident it can almost immediately grab a 50 percent share of the R60 million original equipment market The replacement market is worth about R100 million



Artist's impression of the Wesglas factory being built at Ga-Rankuwa, Bophuthatswana When it goes on stream in July next year, it will produce laminated windscreens and tempered glass for motor industry. Later it will move into making glass for the building industry.

"We hope the motor manufacturers will support us We don't regard them as captive markets, and we will have to fight hard through price, quality and service," said Mr du Preez, who is responsible for the planning and co-ordination of the factory

The factory, which will employ about 140 workers, will be near the Sigma and Datsun plants at Rosslyn The Toyota plant in Durban is presently supplied by Shatterprufe and Pilkingtons, but Wesglas sees no problem in meeting its requirements despite the long distance.

Glass processing will be under licence to Asahi, leader in glass techniques in Japan, which designed the factory and will supply about 80 percent of the equipment The balance of the highly-automated plant will come from local sources

At the official opening yesterday, the managing director of Bophuthatswana National Development Corporation, Mr Wynand van Graan, said "The basic fear of foreign investors is the threat of nationalisation and the lack of protection in other respects

"In Bophuthatswana, the principle of free enterprise is written into the constitution, and companies are not burdened with obstructive legislation, rules or regulations The few laws that still worry us are those inherited on independence, but they will in time be adapted to our situation

He said the maximum tax on profits for companies other than mining was 38 percent and there was no tax on capital gains or undistributed profits.

Ga-Rankuwa was probably one of the most promising unrestricted industrial development areas in Southern Africa, he said In time would be commercial development ing of a vanadium de mated to be worth F lion

There were 177 ıı stands, and R17 mı been spent on infra Total amount investe mitted for commerce try was more than R and there were se projects in the pipelı of the 100 biggest coı South Africa were oı Bophuthatswana, he s

Overseas investme creasing, and many n ments now involved o ments of capital and k

Mr Wessels said tl of competing motor joining resources to ı ponents could have nomic advantages.

"It may lead to moı disation, higher greater productivity costs Ultimately, the public will benefit fro operation"

The company inter ploy Tswanas not onl ry operators but to ı for many positions.

"In fact, we are d ing our sincere desı managerial responsıb vıting a Tswana to se board"

Wesglas, while no that its competitors v lished concerns, finan erful and with well-c assets and sound bu tionships, was facing with confidence, he s

R27-m glass-processing plant for Bophuthatswana

By Stan Kennedy

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The project is a joint venture v three financial institutions ith substantial interests in iotor companies They are esco, which controls Toyota id owns 40 percent of the new roject, Messina, which controls atsun and owns 30 percent, and mic, which controls Sigma and so owns 30 percent

The directors of the new cominy, Wesglas, represent the ree financial institutions They e Dr Albert Wessels (chairian), Mr Chris Griffiths, Mr addy Koevert, Mr Peter Whitld, Mr David Dry, Mr Danie i Preez, Mr Callie van der lerwe and Mr Terence Kelly

Raw material sheet glass will procured from Pilkingtons ie initial programme, when e plant opens in July next ar, will be the manufacture of minated vehicle windshields id tempered side and rear winws The rear windows will be ted with demisters

There are already two glass anufacturers — Shatterprufe Port Elizabeth which makes minated windshields and Pilngtons of Springs which akes tempered glass

However, the new company is nfident it can almost immeately grab a 50 percent share the R60 million original equip ent market The replacement market is worth about R100 million

"We hope the motor manufacturers will support us We don't regard them as captive markets, and we will have to fight hard through price, quality and service," said Mr du Preez, who is responsible for the planning and co-ordination of the factory

The factory, which will employ about 140 workers, will be near the Sigma and Datsun plants at Rosslyn. The Toyota plant in Durban is presently supplied by Shatterprufe and Pilkingtons, but Wesglas sees no problem in meeting its requirements despite the long distance.

Glass processing will be under licence to Asahi, leader in glass techniques in Japan, which designed the factory and will supply about 80 percent of the equipment The balance of the highly-automated plant will come from local sources

At the official opening yesterday, the managing director of Bophuthatswana National Development Corporation, Mr Wynand van Graan, said "The basic fear of foreign investors is the threat of nationalisation and the lack of protection in other respects

"In Bophuthatswana, the principle of free enterprise is written into the constitution, and companies are not burdened with obstructive legislation, rules or regulations The few laws that still worry us are those inherited on independence, but they will in time be adapted to our situation

He said the maximum tax on profits for companies other than mining was 38 percent and there was no tax on capital gains or undistributed profits

Ga-Rankuwa was probably one of the most promising unrestricted industrial development areas in Southern Africa, he said In time would be commercial development and mining of a vanadium deposit estimated to be worth R6 000 million

There were 177 industrials stands, and R17 million had been spent on infrastructure. Total amount invested and committed for commerce and industry was more than R70 million, and there were several big projects in the pipeline. Sixteen of the 100 biggest companies in South Africa were operating in Bophuthatswana, he said

Overseas investment was increasing, and many new investments now involved oversas elements of capital and know-how.

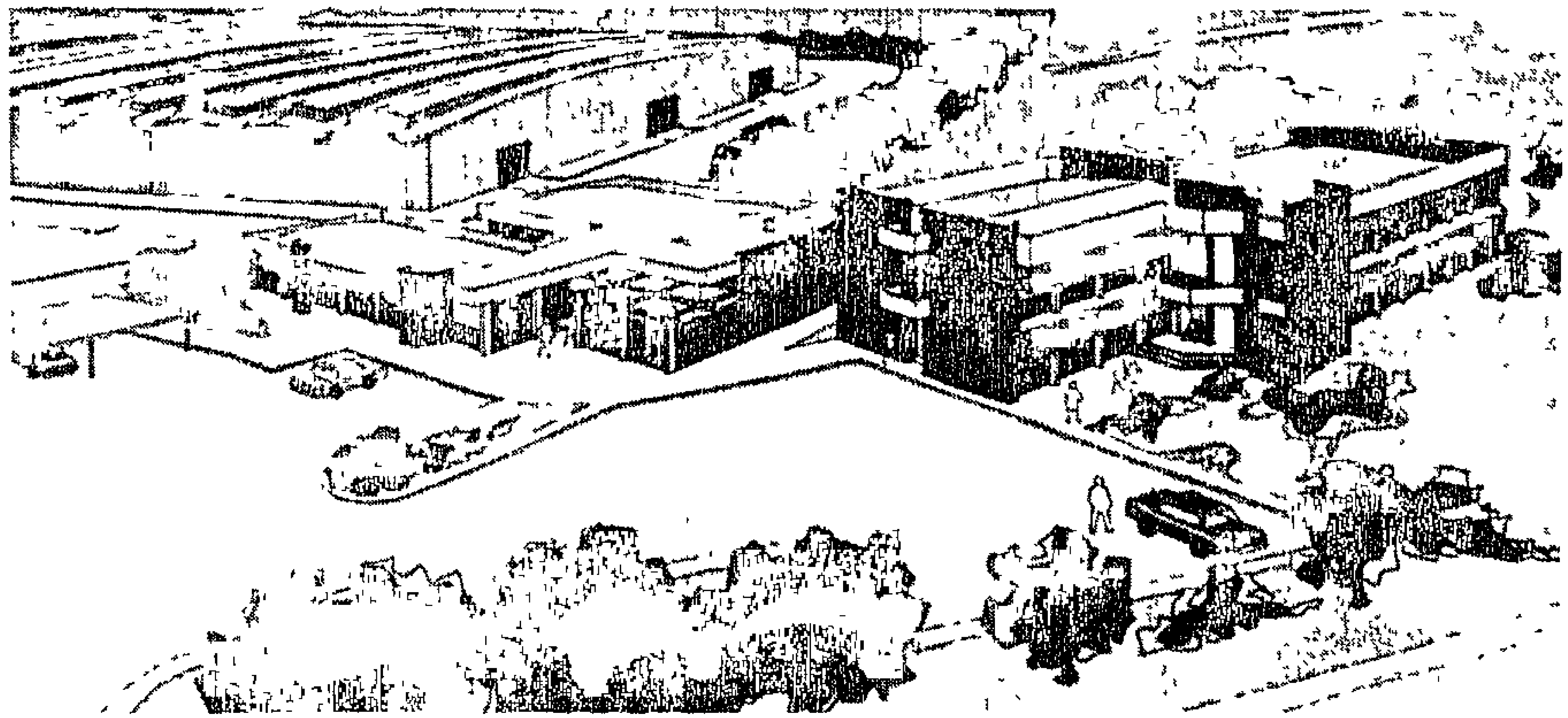
Mr Wessels said the concept of competing motor companies joining resources to make components could have great economic advantages

"It may lead to more standardisation, higher volumes, greater productivity and ower costs Ultimately, the motoring public will benefit from such cooperation"

The company intends to employ Tswanas not only as factory operators but to train them for many positions

"In fact, we are demonstrating our sincere desire to share managerial responsibility by inviting a Tswana to serve on our board"

Wesglas, while not unaware that its competitors were established concerns, financially powerful and with well-depreciated assets and sound business relationships, was facing the future with confidence, he said.



Artist's impression of the Wesglas factory being built at Ga-Rankuwa, Bophuthatswana When it goes on stream in July next year, it will produce laminated windscreens and tempered glass for motor industry. Later it will move into making glass for the building industry.

e Natal Mercury, Saturday, June 18, 1983 3

Brick price going up 7 pc

193

Finance Reporter

THE price of clay bricks is to be increased by an average of 7 percent from July 1, the marketing manager of Corobrik in Natal revealed yesterday

The price rise varies in Natal, averaging 7 percent in the Durban/Pietermaritzburg areas but only 3 percent in Northern Natal

Mr Tony Pooke said escalating costs had made the price rise necessary

Corobrik had increased wages by 12 percent in April and the coal price had recently risen between 4 and 5 percent Both factors affected Corobrik which was labour-intensive, with most production being coal-fired

Mr Pooke said most varieties of clay bricks would be affected, although the prices of middle and lower ranges of clay paver bricks would not be increased No increases were planned for cement plaster bricks from Corobrik in Empangeni either, and Mr Pooke said the cost of cartage from factories to building sites also would remain unchanged

He estimated that because an average three-bedroomed home required 30 000 bricks, the 7-percent price rise would result in an increase in the region of R250 The price of bricks accounted for less than 10 percent of the total cost of a house

...AND FINANCE

193

Brick crisis is worsening in Transvaal

S. Express

19/6/83

By WINNIE GRAHAM

THE closure of Toncoro's Crown Mines factory for renovations is likely to aggravate further the growing brick shortage in the Transvaal.

Delays of up to four months are being experienced.

But while some brick manufacturers are refusing to accept new clients, the larger commercial builders believe they will not be affected in the short-term

This week the Master Builders' Association held an emergency meeting with the country's leading brick manufacturer over the growing crisis, but details of the meeting have not been released.

The brick shortage appears to have affected only small-time residential builders at this stage, with office blocks using a relatively small percentage of bricks

The demand for bricks is so great that Toncoro is transporting millions of surplus bricks from the Free State and Natal

Toncoro MD, Cedric Savage, told the Sunday Express that his firm was subsidising the delivery of the bricks in an all-out attempt to keep clients satisfied

"Whenever there is a shortage, we are held responsible," he said "In fact, all brick companies on the Witwatersrand are having difficulty in meeting the demand We are quoting for a waiting period of three months."

However, leading builders told the Sunday Express that a brick shortage in the middle of a recession did not auger well for next year when the economy is expected to start taking off

Savage said demand for bricks soared three months ago when bonds for houses became readily available Almost overnight building activity increased

The shortage applies mainly to stock bricks and not to facebricks Top quality facebricks, however, are also in relatively short supply

Savage commented "In an economy which is in a recession, the current building boom is extraordinary Building activity naturally coincided with the availability of money, but the early warning signs are there It cannot carry on indefinitely"

Toncoro's 21 factories on the Reef are in full production Several are concentrating on producing concrete bricks which, though not as acceptable as clay bricks, are being used more and more as they are quicker and cheaper to make

Savage says brick factories are preparing for an upswing in the economy Toncoro has established a new factory at Rietvlei, near Pretoria, which when it comes into production next month will produce 82-million facebricks a year

Technology cuts cement output costs

ROM 20/6/83 (193)

By SIMON WILLSON
Industrial Editor

MAFIKENG. — Recent advances in cement-manufacturing technology had cut production costs and had put off several increases in the cement price, an industry expert claimed last week.

Mr Jan Riekert, works manager of Anglo-Alpha's R333-million Dudfield cement plant in the Western Transvaal, said the cement industry was passing on the benefits of its technological improvements to the consumer in the form of less frequent adjustments in the cement price

He predicted that in the next 10 years the cement price would continue to come down relative to the prices of other building materials because of the improvements in the cement production process that were still possible

He said his company was already saving more than R1-million a year through an adjustment in the proportion of raw materials in the cement production process

The proportion of comparatively costly shale in the raw material mix had been reduced from the conventional 6% to 2% and the amount of limestone, which was only a tenth of the cost of shale, had been raised from 91% to 95% with no deterioration in quality

About 53% of the cost of cement production was attributable to energy costs, he said

But recent cuts in coal and electricity consumption at Dudfield were saving the company at least R300 000 a year in fuel bills

Improvements in the design of cement kilns had reduced their coal consumption in the production process Kilns commissioned in the late 1970s used a 16% coal content

Kilns installed since 1980 had cut this requirement to 14,5% and a kiln scheduled to come on stream next year at the company's new plant at Ulco in the North-Western Cape was expected to require only 13,5% coal in the kiln, he said

New controls in peak demand were also cutting the plant's electricity requirements

The company had reduced its consumption of diesel oil, used to pre-heat the kilns, by 80% through the use of other fuels, such as old tyres and waste wood, in the pre-heating process

The resultant net saving to the company was about R250 000 a year, he said

Additional research into limestone blasting techniques had enabled the company to switch to a different, cheaper type of explosive in its limestone quarries, saving R150 000 a year

Mr Riekert was confident that research in the next few years would bring about more savings in the costs of cement production

There had been more innovation in the industry in the past 10 years than there had been in the preceding 50 years

(193) Cape Times 20/6/83

R27m glass factory for Bophutatswana

Own Correspondent

JOHANNESBURG — The first sod was turned yesterday on the site of a R27m glass-processing factory being built in Bophutatswana at Ga-Rankuwa, north of Pretoria

The factory, which will cover 14 500m² is scheduled to start production in July 1984 and the output will go first to the automotive industry and later to other sectors of the economy such as general construction

It is being financed by Wesglas which holds a manufacturing licence from the giant Japanese Asahi Glass company

The value of the first year's full production from the factory is estimated at about R20m

Shareholders

The three shareholders in Wesglas are Wesco the holding company of Toyota SA, Messina, the holding company of Datsun-Nissan SA and Anglo American Industrial Corporation, the major shareholder in Sigma Motor Corporation

Asahi Glass, which has annual sales of R2 300m is to supply technical advice and training for the Wesglas personnel

Addressing the function, Dr Albert Wessels chairman of Wesglas and of Toyota SA, said the shareholders in Wesglas are all investment institutions with a substantial interest in a motor company

Competitors

"In a way the shareholders are competitors, and all three companies being aggressive, competition is keen and will intensify

"But the competition is confined to the market place These three companies have now entered into a joint venture for the manufacture of a component which is common to all motor vehicles and therefore represents a substantial market

"This concept of competing motor companies joining resources to manufacture components has great economic advantages It may lead to more standardization, higher volumes greater productivity and therefore to lower costs,' he said

Decentralization

Dr Wessels said the site had been chosen to maximize the use of the financial benefits flowing from the government policy of decentralization

Ga-Rankuwa had been picked because it is near the market with four important major manufacturing plants within 30 km, is near the supply of raw material and is also near the labour market for the Tswanas and the South Africans who will live in the various suburbs of Pretoria

Wesglas will get the necessary raw materials and unprocessed glass from Pilkingtons Glass

Development areas

The managing director of the Bophutatswana National Development Corporation, Mr Wynand van Graan, said Ga-Rankuwa is probably one of the most promising unrestricted industrial development areas in Southern Africa

"We now have 118 industrial stands here and R17m is being spent on infrastructure The total amount invested and committed for commerce and industry so far exceeds R70m with several more big projects in the pipeline

"Wesglas is now joining five other succesful industries in Bophutatswana that we geared to the motor vehicle industry and that augur well for our future" he said

Romatex and Unisec in joint venture

Own Correspondent

DURBAN — Durban-based Romatex has finalized a joint venture agreement with Unisec where they will run Berg River Textiles (BRT)

Mr J N Redelinghuys of Romatex, has been appointed managing director

A spokesman for Romatex declined to disclose the price paid for their stake in the company

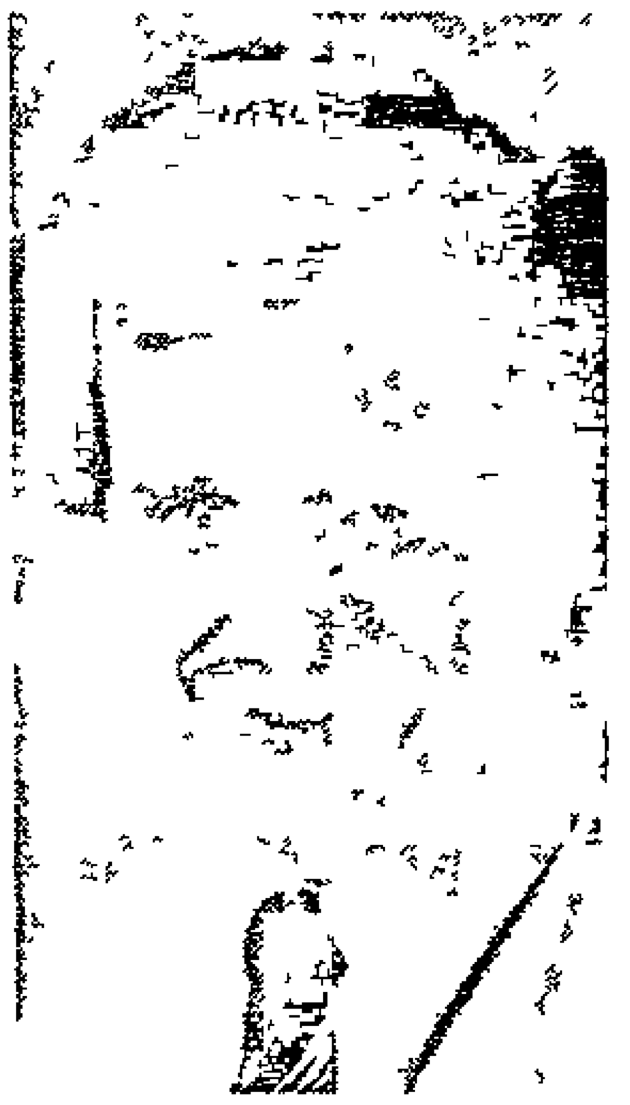
In 1981 BRT made after-tax profit of R2 058m on turnover of R35m

BRT has factories at Paarl in the Cape and will complement Romatex mills with its concentration on cotton goods It makes mainly household textiles, such as duvets, table cloths, dusters and uniform fabrics

Appointments

JOHANNESBURG — Two directors of Anglo American Corporation, Mr G A Carey-Smith and Dr E M A F Ferreira, have been appointed members of the executive committee of the board

Mr Carey-Smith is chief executive of the corporation's interests in Zimbabwe and Dr Ferreira is chairman of Anglo American Corporation do Brazil — Sapa



Mr Peter Clarke has been appointed general manager of Barlows Manufacturing Co's Parow factory division

FINANCE

Building industry faces brick shortage — BER

ARGUS 23/6/83

~~32~~ 193 ~~33~~ 175

THE building industry in the Western Cape will face a serious shortage of face bricks and of good quality labour, particularly foremen, when the economy revives

This is suggested in the quarterly building survey published today by the Stellenbosch Bureau for Economic Research

The survey says that although most building materials are freely available shortages of face bricks have been reported in the Western Cape Durban and Pinetown Pretoria and to a lesser extent the Witwatersrand

BOTTLENECKS

"Extremely serious brick shortages are to be expected once the economy revives, in view of the fact that all bottlenecks have not been eliminated despite the severe economic downswing in certain sectors of the economy

The survey says that although the shortage of artisans has eased, the shortage of foremen has become slightly worse

"It should be realised that relatively serious labour bottlenecks at this stage of the building cycle do not augur well for any revival in building activity during the years to come"

DISSATISFIED

Many firms are also dissatisfied with the quality of labour available

"The organised building industry is, however, fully aware of the unsatisfactory labour situation and is doing what it can by way of education and training to improve matters with a view to long-term growth"

Car assembly firms join to make glass

Industrial Week 28/6/83

THREE major local industrial organisations with Japanese franchises for car assembly are investing R27 million in a glass processing concern at Ga Rankuwa near Pretoria writes **Lynn Carlisle**

They are motor assembly competitors Wesco (holding company of Toyota SA) Messina (holding company of Datsun-Nissan) and Anglo American Industrial (a major shareholder in Sigma who recently formed Wesglas which will be housed in a 14 500m² factory in Bophuthatswana about 30km from four major motor manufacturing plants

The new plant will be ready for production by July next year and its first year's production is expected to reach R20 million according to Wesglas chairman Dr Albert Wessels

This concept of competing motor companies joining forces to manufacture glass components has I suggest great economic advantages It may lead to more standardisation higher volumes greater productivity and therefore to lower costs said Dr Wessels

Investments

As work started on the new factory last week, Dr Wessels announced that not only would Tswana people be trained and employed there but that at an opportune time consideration would be given to offering financial participation to Tswana subjects

"In addition negotiations to invite a Tswana representative to serve on the board of Wesglas have progressed well and will be implemented before production begins' he said

Wesglas holds a licence to manufacture from Japan's 76-year-old giant Asahi Glass which

Dr Albert Wessels

will provide technical training and advice in Japan for Wesglas key personnel

Output will at first go to the automotive industry and will be extended later to other sectors such as general construction

UK brickworks for homelands?

Star 5/7/83 (193)

The Star Bureau

LONDON — London Brick Engineering, which is to design, build and commission a R9 million brickworks in Swaziland, is interested in setting up similar projects in the South African homelands

This has been disclosed by LBE managing director Mr Derek Lawrence, who said that his company was already holding preliminary discussions for such projects in a number of countries, including Botswana and Lesotho, and in the homelands

Mr Lawrence also said that 95 percent of the Swazi factory's production will go to South Africa and its neighbours

He said LBE had had talks with Mr Cedric Savage of Toncoro are there is a possibility Toncoro will market some of the bricks

LBE, a subsidiary of London Brick PLC, has engineering shops in Bedford and Peterborough. A sister company, London Brick Products, is Europe's largest brickmaker The new Swazi factory will take about a year to build Work will begin shortly

Mr Lawrence said. "We welcome the opportunity of establishing a foothold in Africa

"This method of brickmaking provides factories at low cost which are easy to operate and maintain, and has proved particularly interesting to developing countries"

Brick, cement prices up again

6/93 IUW 5/7/83

By NORMAN CUTHBERT

THE prices of Corobrik clay bricks and Corocrete Vaal cement in the Transvaal are expected to go up again on August 8.

The size of the increase by Corobrik, which holds 40% of the Transvaal brick market, is not yet decided but on July 1 the group raised its prices in Natal by 7%

Executives of Corobrik (Transvaal), who review prices every quarter, are now finalising the new price structure and two weeks' notice will be given to consumers on July 23 No blanket increase is expected

In March there was a small rise in the prices of selected bricks

The company cites a 12% increase in wages in April and 4% increase in the cost of coal in June as reasons for next month's price rise

A Corobrik spokesman said the 7% increase in Natal will add about R350, or less than 1%, to the contract price of a R50 000 house there

Corocrete Vaal will also give consumers two weeks' notice of next month's price hike The fact that the prices of Corobrik cement bricks were not increased last week in Natal could indicate that it may be comparatively small

Corocrete cement prices went up by an average of 7% in April

Other, smaller brick producers are expected to follow Corobrik's lead on clay bricks

Brick firm raises prices

~~2~~ (193)

E Post 7/7/83

Post Reporter

THE manager of EP Brick and Tile Company, Mr W Martin announced yesterday that his company had increased their ex-yard price of bricks from R75 to R80 for 1 000 bricks, with effect from July 1,

This 6,25% increase follows Corobrik's recent announcement that the ex-yard price of their common bricks had been increased from R81 to R88 a thousand

Mr Martin said the delivered price of bricks from EP Brick and Tile Company had been increased by 5,5% from R90 to R95 a thousand from July 1

These increases come close on the heels of a rise of just under 10% in the price of steel, which was announced last week, and the increase in the price of cement, which comes into effect on July 18

Workers want their jobs back

(193)

Mercury

Mercury Reporter 15/7/83

THE 160 workers who were dismissed from an Estcourt factory this week still refused to collect their pay yesterday and were assembled outside the factory gates demanding their jobs back

But Mr Robert Craig, a director of Mosaic Producers said the workers had dismissed themselves by disregarding an ultimatum following a work stoppage on Monday

He said the workers had been given substantial pay increases two months ago

Mr Simon Kapa, branch secretary of the South African Allied Workers' Union in Estcourt, said yesterday that he had met the company representatives again yesterday and pleaded with them to take back the workers

'But they refused, saying that the matter was out of their hands,' he said

Cement to pass on rail costs

R20/1 193 18/7/83

By SIMON WILLSON
Industrial Editor

CEMENT producers will pass on to the consumer any increase in freight rates as soon as they occur.

In the 1982 review of the South African Cement Producers Association, the three main members — Anglo-Alpha, Blue Circle and Pretoria Portland Cement — reiterate their policy on freight-rate increases, first stated after the lifting of price control on cement last year

This pricing policy will also be followed by Sacpa's three associate members — Cement Marketing Organisation, Cement Sales and Durban Cement

The Minister of Transport Affairs, Mr Hendrik Schoeman, says he will probably be forced to raise South African Transport Services freight rates in September or October

Freight rates last triggered an increase in the cement price in January this year when pocket prices rose by between 2% and 5%, depending on the delivery distance

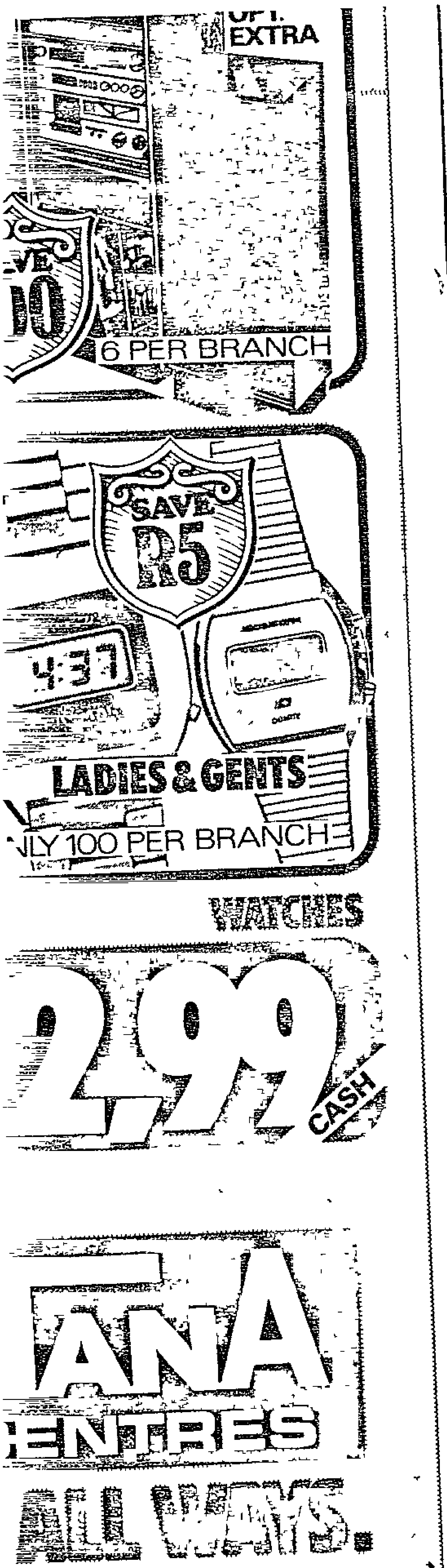
The association says that rail transport of the industry's raw materials and finished products was maintained at a high level of efficiency by Sats

Member companies will absorb for as long as possible increased costs — estimated at R1-million a month — of raw materials and electric power

The industry had an installed capacity of 9 400 000 tons in the year under review Capacity use averaged 85%, although regional demand varied

Western Cape producers operated at 17% lower capacity use than the national average

The Transvaal cement market continued to grow, but demand elsewhere was either static or declined



'Junket' trip abroad stopped

Staff Reporter

MEMBERS of the Divisional Council of the Cape have stopped two of their colleagues from enjoying an overseas "junket" to study light rail transport systems

The three-week trip to Europe and North America was to have been financed by Divco's general rate fund and the Atlantis Capital Account

The purpose of the trip would have been to examine transport systems overseas with a view to building a similar one in Atlantis

But Mr Len Pothier described the tour as "something of a junket" and said the best experts in the world were currently available at the transport exhibition in Johannesburg

The council chairman, Mr G M Basson, also opposed the idea of councillors going on the trip

Mr M J Aggenbach, deputy council chairman, one of the councillors due to go on the trip, said he would now go directly to the Department of Community Development for which the council merely acted as an agent

The other councillor due to join the overseas tour was Mr L J Rothman, chairman of the works committee

Workers in dispute with employer

ARGUS 26/7/83

193

Labour Reporter

ABOUT 170 workers at the African Spun Concrete Company in Blackheath have not worked for two days after a six-month recognition dispute flared up this week

The workers, all members of the General Workers' Union, downed tools yesterday after the company's management had apparently declined to meet with the union All have remained on the factory premises since then

According to union spokesmen, management has told workers that the factory was closed until tomorrow

The general secretary of the GWU, Mr D Lewis, said union officials and worker representatives had first met with management in February to negotiate a recognition agreement

CANCELLED

However, negotiations had stalled and on June 23 management "summarily cancelled a planned meeting to discuss recognition of the union", Mr Lewis said

"The workers wish to work but they also want their union recognised," he added

A spokesman for management today refused to comment on the dispute

Big rush by 700 for 180 vacancies

26/7/83 (193)
Mercury

Mercury Reporter

ABOUT 700 prospective job-seekers jostled for 180 vacant posts at a Corobrik plant at Briardene yesterday which re-opened after being shut down 18 months ago

Mr B K Waberski, managing director of Corobrik Natal, said the Hoffman kiln at Briardene was being recommissioned in anticipation of an upswing in the building industry

'We plan to produce 27 million bricks a year at the Briardene plant and are presently busy engaging staff,' he said, adding that the mammoth turnout by work-seekers showed how desperate people were for jobs

He said the plant would be reopened in stages with production getting into full swing in September The kiln at Briardene shut down during the slump in the building industry when supply exceeded demand

(193) (~~139~~) (139)

Union accuses brickworks of victimisation

UDM 28/7/87

By STEVEN FRIEDMAN
Labour Correspondent

A KRUGERSDORP brickworks has been accused of victimising members of the Building, Construction and Allied Workers Union — a charge it angrily denies

The union claims West Rand Brickworks fired one of its members, Mr Isaac Masoga, after learning he was a leading member of the union

It also claims the company confiscated membership cards from union members and has refused to return them

But a company spokesman, Dr Van Graan yesterday denied that Mr Masoga's sacking was connected with his union membership and added that union members had voluntarily handed over their membership cards to him

According to the union, which claims "substantial membership" at the plant, management told workers at a regular Friday afternoon meeting that it had learned some were members of the union

It alleges that the following Friday, Mr Masoga was called to the office of a management man, asked why he had not told his employer that he had joined the union, and threatened

It said management had subsequently "gone round the company collecting people s membership cards' and warned workers that Mr Masoga was a "snake'

It said Dr Van Graan had said then that he would take further action against Mr Masoga and that he had subsequently been fired

Dr Van Graan said yesterday Mr Masoga had been working as a clerk, but that there was no work for him in that job He asked to become a driver and the company agreed, as he said he had a driver's license

"But he failed a driving test arranged by the province and we had to part with him We are hurt by these claims because he left in good spirit"

Dr Van Graan said he had become aware of the union s presence at the plant when discussing with workers a benefit scheme he planned to introduce

"Some said they already had a benefit scheme which turned out to be the union But many were against this and a split developed along ethnic lines "

On a subsequent occasion, he said, he had come across union officials at the plant and invited them to a discussion "But they misled me about their identity and denied being union officials "

He had told workers of this incident and some had been so angered that they had wanted to burn their membership cards He advised them against this and these workers had handed their cards to him

"They can have them back any time they like "

He said workers had little understanding of what a union entailed

"I can understand that unions have an important role in large companies where there is little communication between management and employees But I don't think they would have much of a role here "

Cape Times 29/7/83

193

Union claims bar on meeting strikers

Staff Reporter

THREE members of the General Workers' Union (GWU) have claimed they were prevented from entering Mfuleni township and meeting with striking workers from Blackheath's African Spun Concrete Company on Wednesday night.

Production at the company came to a halt on Monday following months of worker dissatisfaction at the management's failure to recognize the GWU Negotiations over several months to establish the union's representation at the factory have so far failed

Permits

The general secretary of the GWU, Mr David Lewis, said yesterday that he and two other members had been refused entry to the township by Administration Board security guards, who said they would be arrested if they entered the township without permits

"I don't understand it — we've been going to meetings in Mfuleni without a permit for the past 18 months and have never been questioned," said Mr Lewis

He said the union had more than 2 000 members in the township and warned that many of the workers might read management complicity into their barring of the unions officials from the township

"This could cause major problems for management if they want to have any type of relations with their employees," said Mr Lewis

Numerous attempts to obtain comment from a WCAB spokesman failed yesterday

● In another dispute involving GWU members, about 350 employees of the Provincial Roads Department in Beaufort West downed tools this week.

According to a GWU spokesman, the workers, who have always been paid on the 22nd day of the month, were told last week that they would be paid a week late. After a week had passed and there was still no sign of their money, they downed tools and demanded it, the spokesman said

He said the Roads Department management had locked the workers out yesterday morning but that after negotiations with the workers' committee, had agreed to pay the workers and work would be resumed today

Plate Gl, Pilkington talking

193

RDM 2/8/83

By JOHN MULCAHY

PLATE Glass and Pilkington Brothers are on the point of an agreement which is believed will lead to a merger of Plate Glass with Pilkington's South African operations.

No spokesmen for Plate Glass and Pilkington were available late yesterday, but industry sources said agreement was imminent.

An announcement on the discussions is expected in a few days

Representatives of PG and Pilkington are believed to have been locked in negotiations for at least the past week, and were close to agreement at the end of last week

Pilkington SA is wholly owned by its UK parent and is unlisted It is SA's biggest glass-maker

PG's glass division, Solaglass International, splits its SA activities into three arms — PG Glass, Shatterprufe and Frederick Sage

For the year to March 31 Solaglass sales amounted to R378-million, of which SA operations accounted for R231-million. Overall operating profit was R45 700 000, of which SA contributed R39 800 000

An overview of Solaglass activities for the year, presented in Plate Glass & Shatterprufe Industries recent annual report, shows that the SA divisions exceeded budget and profit was a record

The chief executive, Mr Ronnie Lubner, warned that conditions were expected to remain depressed throughout the current year and profit would be difficult to maintain

PG Glass covers the supply and fitting of glass, windscreens, mirrors and related products Shatterprufe mkes laminated windscreens, safety and security glass and Frederick Sage contracts for the fabrication of window walls, shopfittings and interiors

The automotive glass market is worth about R50-million a year, and is now dominated by Plate Glass and Pilkington A newcomer, Wesglas, is due to begin production in the middle of next year

Wesglas is a joint venture to which Wesco — Toyota's holding company — Messina (Datsun's parent) and Amic (Sigma) are contributing It will produce laminated and tempered glass for the automotive industry at a factory in GaRankuwa

It is significant that all the companies involved in Wesglas are connected in some way with Anglo American

Johannesburg Consolidated Investments is the biggest shareholder in Toyota after Wesco, Messina is controlled by African Finance, in which Anglo has a significant shareholding, and the third is Anglo subsidiary Amic

It is too early to speculate on whether Anglo might decide to move into other areas of glass manufacture and face PG head on

An alliance between PG and Pilkington could be the two groups' means of heading off Anglo

Pilkington has the patent for the float process of glass manufacture, and Solaglass is its biggest customer in SA

PG's annual report shows that new building products provided 41% of Solaglass's SA business, building replacement another 21%, new automobiles 10%, replacement automobiles 20%, and furniture and other 8%

The directors say the PG Glass outlook for the current year is a consolidation of market share as well as a rationalisation of the distribution structure and systems

"Performance is expected to mirror the South African economy in general, with a decrease in real activity for the second year in succession It is unlikely that profits will equal those of 1982-83"

In Shatterprufe's case, the directors say sales of building glass are expected to decline in real terms in spite of a full order book at July 5

The outlook presented for the motor industry is a decline, although prospects for autoglass are firm provided there is no change in the petrol price or vehicle use

The directors say Frederick Sage entered the current year with a full contracting order book, although a fall in activity is expected in the second half of the year

Three holdups committed by same two gunmen?

Crime Reporter

TWO gunmen hit a dairy, a woolshop and building society in Johannesburg yesterday — escaping with a total of R10 000 — and police are investigating whether the holdups were committed by the same two men

Brixton Murder and Robbery Squad detectives said that in the first holdup two gunmen walked into the Knitting Centre on the corner of Mint and Main Roads, Fordsburg, at 7 15am and held up Mr H Hassim, 35 and his wife Mrs Khalije Hassim, 35

They snatched a briefcase containing R6 000

Two gunmen struck again at 8 45am and held up an employee of the Clover Dairies in Mayfair. Mr Ben Nvembe 36 Mr Nvembe was forced to hand over R1 503

In the third holdup two gunmen robbed a teller of the United Building Society in Gleneagles Road Weltevreden Park The teller Mrs L Kuttschruter told police that the men handed her a plastic bag and demanded money She gave them R2 500 and they fled

Weather Mail

THE Weather Bureau s forecast for today —

TRANSVAAL — Fine and mild to warm but cold in the morning with frost over the south-west and the highveld

FREE STATE and CAPE north of the Orange — Fine and mild to warm but cold in the morning with frost in places It will become partly cloudy in the west later

CAPE south of the Orange — Cloudy and cool over the west and south-west with light showers otherwise it will be fine and mild to warm but cold in the morning over the interior with frost in places

NATAL — Fine and mild to warm but cold over the interior in the morning with frost in places

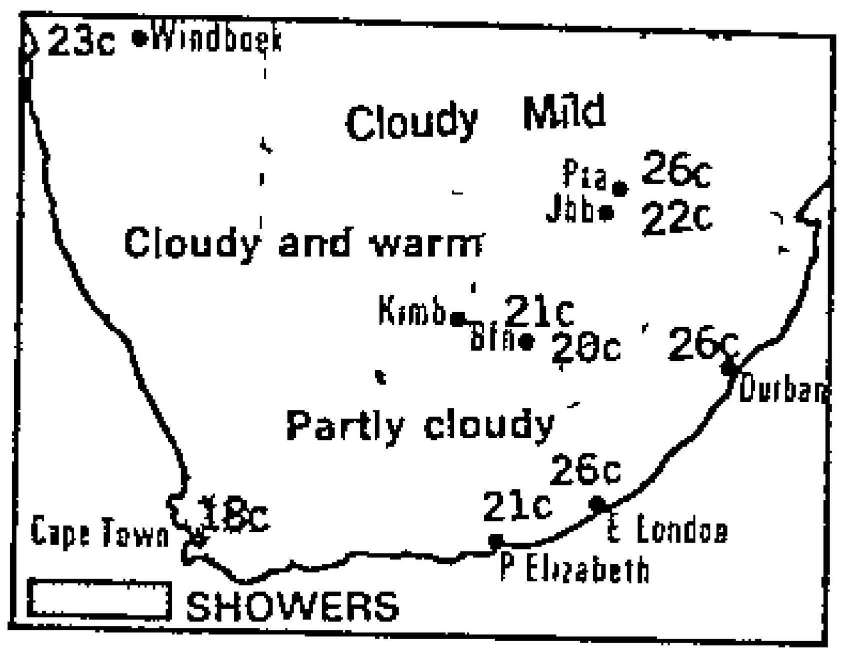
SOUTH WEST AFRICA — Fine and mild to warm but cool along the coast with fog patches

BOTSWANA — Fine and mild to warm — Sapa

TEMPERATURES ARE CELSIUS MAXIMUMS EXPECTED FOR EACH CITY

Rand Daily Mail Weather Station

YESTERDAY SUNDAY
August 1, 1983
Temperatures
09h00 14h00 21h00
10°C 19°C 13°C
Humidity
35% 20% 40%
Max temp 19°C
Min temp 5°C
Rain 24 hours to 20h00
Nil
Sunset today 17h42
Sunrise tomorrow 06h46



SOUTH AFRICA YESTERDAY

Temperatures at 14h00

	°C		°C		°C
Bloemfontein	19	Jan Smuts	19	Potchefstroom	20
Cape Town	14	Nelspruit	24	Pretoria	23
Durban	23	Pietersburg	22	Rustenburg	23
East London	26	Port Elizabeth	22	Standerton	22

SOUTH AFRICA Hottest at 14h00 Vredendal 31°C Coldest at 08h00 Standerton 2 3°C

TRANSVAAL Hottest at 14h00 Pretoria 23°C Coldest at 08h00 Standerton 2 3°C

THE WORLD YESTERDAY

	Min °C	Max °C	Weather
Amsterdam	15	25	Cloudy
Athens	21	31	Cloudy
Berlin	18	30	Clear
Brussels	13	25	Cloudy
Buenos Aires	7	14	Clear
Chicago	19	34	Clear
Hong Kong	28	31	Cloudy
Jerusalem	20	32	—
Lisbon	8	26	Cloudy
London	16	21	Clear
Los Angeles	21	31	Clear
Madrid	19	31	Clear
Miami	27	31	Cloudy
Montreal	22	27	Cloudy
Moscow	14	23	Clear
New York	24	31	Rain
Paris	19	32	Cloudy
Rio de Janeiro	14	30	Cloudy
Rome	20	36	Clear
San Francisco	15	24	Cloudy
Stockholm	12	24	Clear
Tokyo	26	30	Cloudy
Toronto	20	25	Rain

Strikers are back at work

CAPE TOWN — About 170 workers at a concrete factory in Blackheath returned to work yesterday morning after a week-long stoppage because of a dispute over recognition of their union the SABC reported

The workers were issued with an ultimatum on Friday to return to work

The general-secretary of the General Workers Union Mr Dave Lewis, said the workers had returned on condition that management reopened negotiations

Management agreed and talks were held for about four hours yesterday, but the dispute still remained unresolved

Mr Lewis said the workers would hold a meeting later this week — Sapa

Bomb probe almost over

AN IMPORTANT announcement on the Pretoria car-bomb blast, in which 19 people died and 217 were injured, is expected to be made by police today

Police investigations into the blast were almost complete police confirmed in Pretoria yesterday

The investigation into the blast, which rocked the capital on May 20 this year, is reportedly one of the most extensive ever conducted by South African Police

The banned African National Congress claimed responsibility for the explosion — Sapa

MATTER OF FACT

TO CORRECT specific errors of fact, write to the Editor at P O Box 1138, Johannesburg, or telephone the Editor's secretary at 710-9111 between 9am and 5pm on weekdays

If you have broader complaints about the Rand Daily Mail these can be taken up with the Mail Ombudsman, James McClurg, c/o the Editor's secretary

POLITICAL comment in this issue by R A Gibson Benjamin Pogrund Peter Bunkell newsbills by Michael Stent headlines and sub-editing by Paul Holroyd cartoons by David Anderson Dave Gaskill all of 171 Main Street Johannesburg

Rape suspect gets bail

Mail Reporter

A MAN appeared in the Hillbrow Magistrate s Court yesterday in connection with an allegation of raping a Hillbrow woman on Sunday night

Mr Kurt Palauber, 24, of Metropolitan Heights, Berea, was not asked to plead — was granted bail of R2 000 after he said he had left Germany eight months ago and had been in South Africa ever since

The magistrate, Mr A Barlow postponed the hearing until September 27

CAPE TIMES 3/8/83 (193)

Pilkington not withdrawing from South Africa —Lubner

By JOHN MULCAHY

JOHANNESBURG. — The merger of Pilkington Brothers SA with various Plate Glass divisions does not herald the withdrawal of the Pilkington name from South Africa

The chairman of Pilkington SA, Mr Derek Cook, said yesterday the company was committed to a R25m expansion programme, due to be completed in 1985, and the merger with PG would free Pilkington to pursue a number of high-technology developments in the glass industry in South Africa

These developments included high-technology defence equipment as well as glass for solar heating applications

New company

Plate Glass's subsidiary, Solaglas International, has merged its safety glass, merchanting and contracting operations with Pilkington's flat, safety glass and glass insulator businesses to form a new company, Glass South Africa

The new company has gross assets of about R300m and gross profit last year of more than R68m

PG and Pilkington each have a 48,4 percent stake in Glass SA and SA Mutual the remaining 3,2 percent

Before the merger, PG had a holding of eight percent in Pilkington SA as did Old Mutual

Plate Glass is South Africa's biggest glass merchant while Pilkington has the country's only flat glass manufacturing facility, at Springs

Group's assets

There will be no money changing hands as the two groups' assets to be contributed to the merged operation fortuitously match.

Heading Glass SA will be Mr Ronnie Lubner, joint executive chairman of PGSI, and Mr Sol Kay, an executive director of Pilkington, will be deputy chairman

Glass SA will employ 8 400 people at 13 factories and 150 wholesale and retail outlets throughout South Africa

The new company has a management agreement with Solaglas in respect of merchanting and contracting, and with Pilkington for flat and safety glass

Technology

It will have access to technology from Pilkington, which spends about R35m a year on research and development

According to the chairman of Pilkington Brothers, Mr Antony Pilkington, the merger strengthens Pilkington in South Africa and is a major move into the value-added sector

"We are delighted that we have been able to achieve this with South Africa's largest and most experienced glass merchanting and processing group"

The two parties emphasize that the merger does not amount to a disinvestment from South Africa

According to Mr Lubner "Unlike many transactions between South Africans and companies overseas, Pilkington is not withdrawing from South Africa and no money is leaving the country

"Pilkington has operated here for 50 years — nearly as long as the 85 years our roots go back. It is a merger of two strong, compatible organizations"

Questioned on the rationale behind the merger, Mr Cook said yesterday Pilkington and PG had a close relationship going back to the turn of the century

Until recently, however, PG's business had been a conglomeration of glass, timber and aluminium, and it was only since the restructuring — into Solaglas and PG Industries — that PG's glass business was clearly defined

At the same time, Pilkington had adopted a new business philosophy — the first commitment to which was one of decentralization, and the second to develop the group's value-added business

An adjunct to the second element of the new policy was a determination to vertically integrate Pilkington's business into wholesaling and retailing

For these reasons, the timing of the merger was ideal, as it successfully implemented Pilkington's newly expressed ideals

Benefits

From PG's viewpoint, there were synergistic benefits in a closer link with a major raw material supplier

Not the least of these is the real threat of increased competition in a number of areas in the glass industry

Anglo, through Huletts, has been making ever-increasing strides into areas traditionally the domain of PG and its associates, and with an associate LTA and further down the line Anglo American Property Services, it is possible for the group to inflict real damage on the existing participants in the glass business

Murray & Roberts has also established a presence in the building glass sector, and through its construction and development divisions M & R also has the ability to make its presence felt in the glass market

The establishment of Wesglas will make substantial inroads into PG's and Pilkington's dominant share of the new automobile market — estimated at well over 90 percent — but Mr Lubner does not believe Glass SA will lose all of its auto business.

Although Wesglas through its direct connections will corner the business at least from Toyota, Datsun and Sigma, as well as some of the other new business, Mr Lubner believes the established network of replacement windscreen outlets will ensure that Glass SA maintains the major part of the replacement market

Competition

The competition from Wesglas — due to come on stream by the middle of 1984 — will not result in idle capacity at the existing safety glass plants

While the export market is still under pressure because of recessionary conditions abroad, the process for manufacturing safety glass for vehicles is similar to that for building cladding, and this is seen as a major growth area

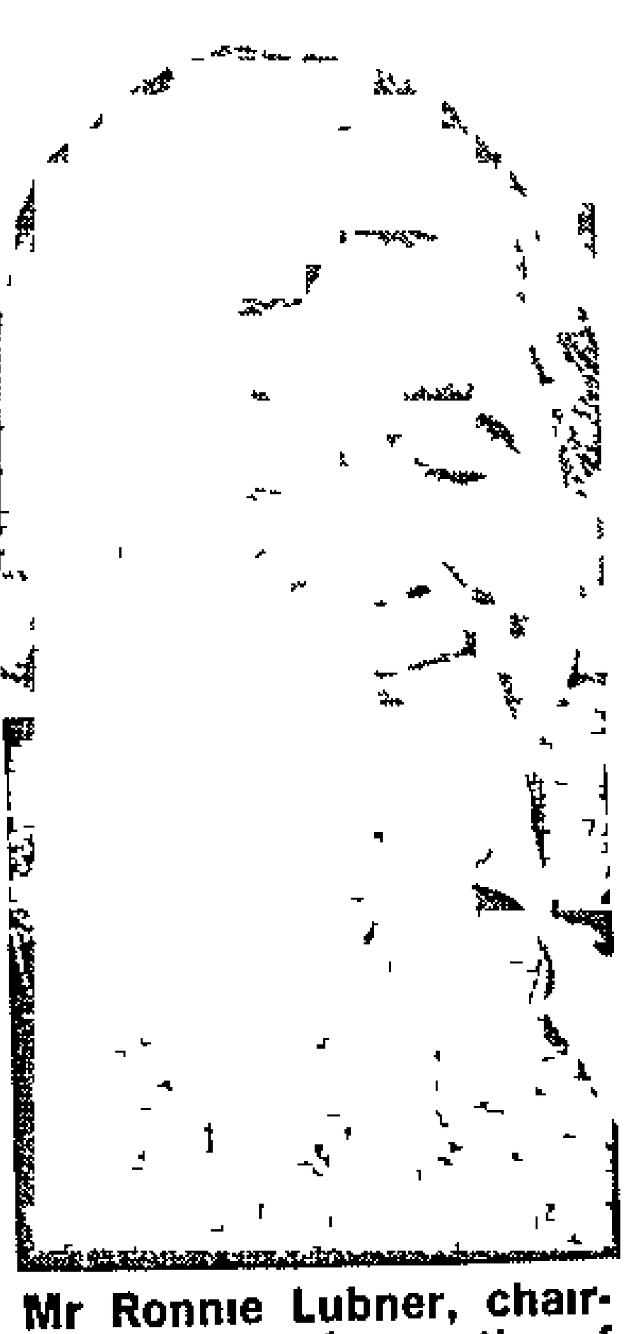
Mr Lubner said the merger would not increase earnings in the short term, but it would improve the quality of earnings through the creation of a fully integrated business

"In the medium term there should be significant benefits through Glass SA's ability to improve efficiencies, to provide superior service to customers, and to introduce new products"

Pilkington name, R25m expansion plan to continue

193

3/8/83 RDM



Mr Ronnie Lubner, chairman and chief executive of Solaglass International

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Brick industry slammed over new price rise

(193) RDM 31/8/83

Mail Reporter

THE CONSUMER COUNCIL has criticised the latest brick price increase last week and has hinted that a virtual monopoly exists in the industry

"This is inevitably going to push up the price of housing all over the country," a council spokesman told the Mail from Pretoria yesterday

"The increase is an even greater cause for concern when one considers that two building societies recently put up their interest rates on bonds

"Higher financing costs and higher brick costs are going to have a ripple effect and the consumer is going to have to pay more for his home"

The price of bricks had risen from R57 to R152 a thousand in just under three years Since the Government removed price control on bricks recently there had been several increases

"There is a lot of talk about free enterprise, but in a situation like this the free enterprise should be put in inverted commas," he said

"Another strange thing is that the moment there is the slightest hint of a price increase in the offing, there is suddenly a shortage of bricks Once the new price comes into operation there is no longer a shortage — at the new price"

Ever-increasing brick prices were serious, especially when one considered the trend towards using more and more bricks to save on maintenance costs

Thus townhouses would become more expensive, and if sectional title blocks using a lot of bricks were put up, costs would rocket Sectional title had originally been designed as low-cost alternative housing

The spokesman added that it appeared as if there were a virtual monopolistic situation in the industry with market leaders setting the price and other factories following

"This cannot be described as free enterprise by any stretch of the imagination"

A spokesman for Brickor, one of the country's brick giants, said the latest increase had been unavoidable because the cost of materials, labour and cement had risen

Three or four price increases in a relatively short space of time might seem a lot, but the big companies preferred to stagger increases in order not to hit the economy with one big increase

ROM 18/8/83 ~~(180)~~ (181) (193)

Glass plants recognise union

Labour Correspondent

THE Chemical Workers Industrial Union, a member of the Federation of South African Trade Unions, has won recognition from three plants in the Plate Glass group in various parts of the country, a union statement announced yesterday

According to the statement, the three companies are Plate Glass in Germiston and the Shatterprufe Safety Glass plants in Pretoria and Port Elizabeth

According to the CWIU, workers at the Port Elizabeth plant were previously represented by Tucsa's Glass Workers Union but resigned and joined CWIU when "they heard about (CWIU's) progress in glass factories in the Transvaal"

Comment from Plate Glass could not be obtained yesterday as the group's executive in charge of industrial relations was not available

According to the union, all three agreements accord the union full recognition, including full collective bargaining rights on wages and working conditions

CWIU says the Plate Glass agreements are the first it has won in the glass industry since it merged with the Glass and Allied Workers Union, another Fosatu union, late last year

Besides wage bargaining rights, the agreements also cover recognition of shop stewards access for organisers, stop order facilities and procedures for handling grievances, discipline, retrenchment and disputes, according to CWIU

183

The glass giant

THE relationship of Pilkington Brothers to South Africa has been more in the interests of this country than in the interests of the multinational glass maker itself, says Professor Theo Barker of the University of London

Professor Barker, a professor of economic history, has written two histories of Pilkington for the company, covering its history to 1939

Started in the Lancashire town of St Helens by two sons of a medical doctor in 1826, Pilkington has grown into an international company with assets of about £1,76-billion (R3-billion)

It was very much a family business until it went public in 1970 and is still a family company to the extent that Mr Antony Pilkington is the present chairman

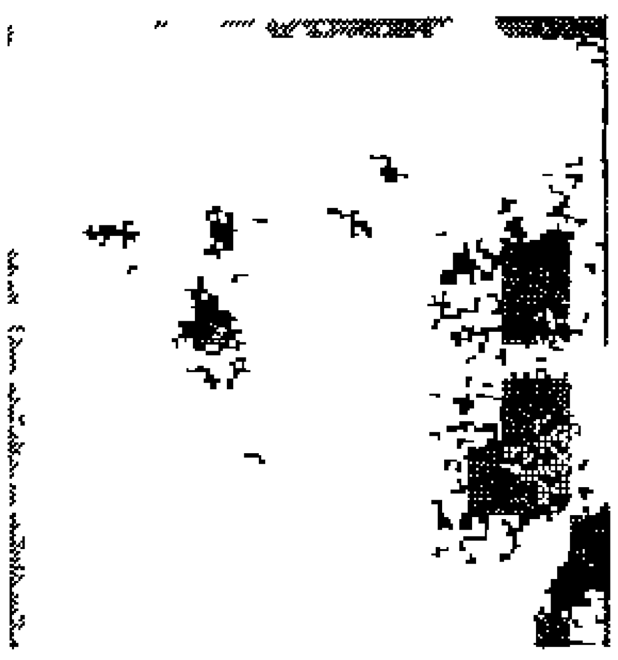
Villains

Professor Barker, who is in Cape Town as a visiting lecturer at UCT, said multinational companies were often seen as villains, exploiting people in different parts of the world

"But it was not in the interests of Pilkington to start up as glass manufacturers in South Africa The more they could load their machines in Lancashire and export, the more profitable their business was likely to be

"Manufacturing here meant a loss of exports from Britain and large capital investment

"But the South African government did not want to be dependent on imports from Britain It said that if Pilkington did not put up a factory, somebody else would and the company would lose its market entirely"



THE recently announced merger of Pilkington and Plate Glass in the new company Glass SA has created a giant glass manufacturer and distributer in South Africa. In this interview with Professor Theo Barker, above, an authority on Pilkington, DAVID BLEAZARD looks at the history of Pilkington and its South African links.

The result was the establishment of a modern sheet glass factory in Springs in 1951, at a cost of £750 000

"It was a very successful business The profits were ploughed back into it and the sheet glass works expanded

"In 1977, Pilkington built a float glass plant at Springs This means South Africa has one of the most up to date glass making facilities in the world"

Professor Barker said Pilkington had always worked closely with South African merchants, and particularly the Brodie family in Cape Town

"In 1922 the Brodie family had hired Morris Lubner, a young man of 21, as their agent in Johannesburg

"He started riding around on a pushbike, selling Pilkington glass imported and sold by the Brodies

"The Transvaal end grew very quickly and Plate Glass and Shatterprufe Industries became very much a Lubner as well as a Brodie concern

"By 1965, PGSI had expanded so fast and gobbled up so many of its competitors in glass distribution that Pilkington decided it should merge forces with it

"An arrangement was made whereby Pilkington had a big share in Plate Glass and Plate Glass had a big share in Armourplate SA, which was the Pilkington safety glass business in South Africa

Conscientious

"So the recent merger in Glass SA is the logical outcome of events in 1965"

It made no difference to their respective financial stakes in the business, which was on a 50-50 basis Each holds 48,4 percent of the new company, with the majority capital holding being in South Africa through the 3,2 percent held by Old Mutual

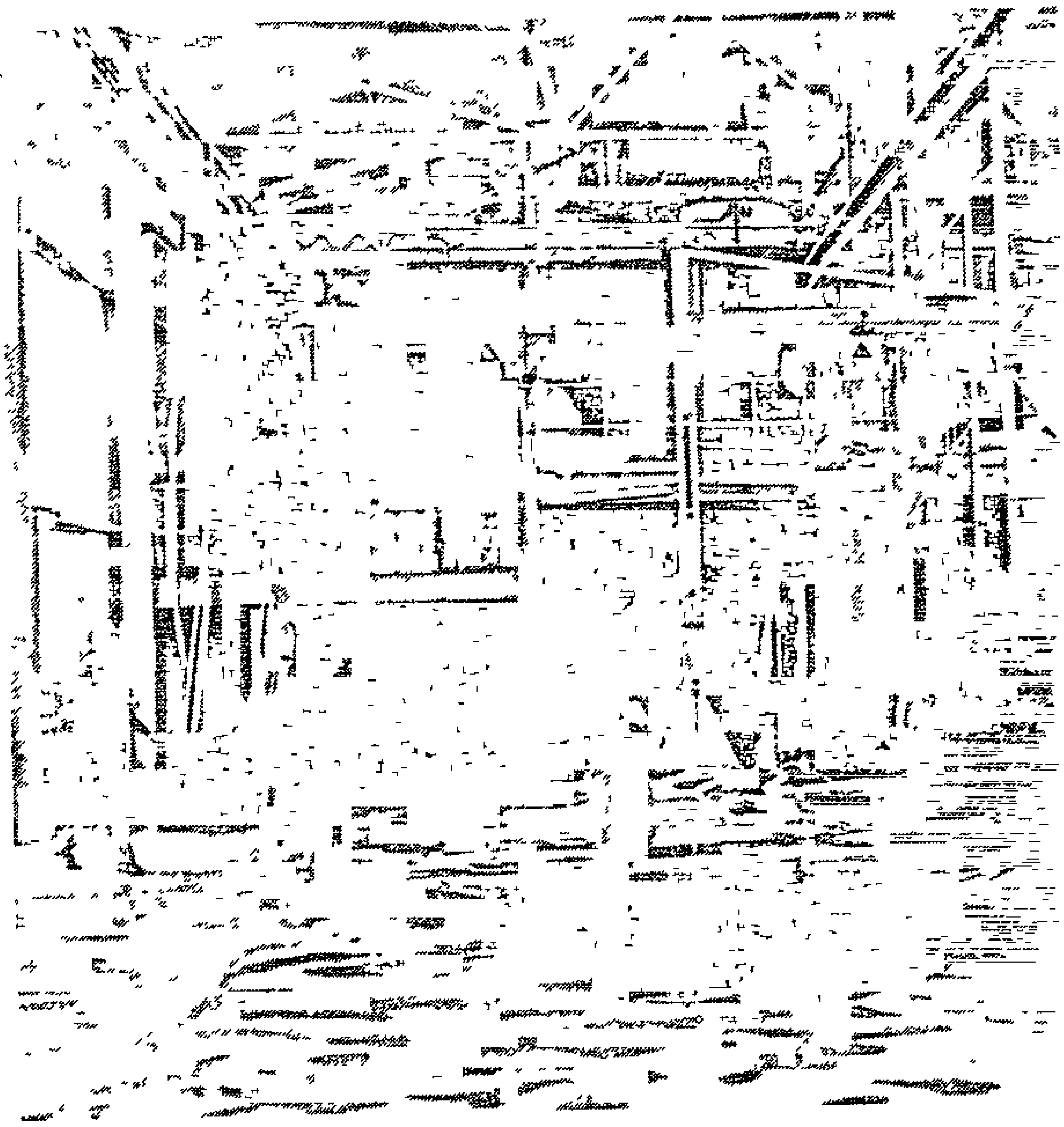
Professor Barker said the 1965 arrangement had also been a closer linking of two families with a similar outlook on business

Both the Pilkington and Lubner families were "enormously conscientious" and felt a sense of responsibility for an important industry

193 W/L ARGUS 27/8/8

Asbestos und

1: Brokers warning



AN asbestos mill in the Kuruman district of the Nor

By Carolyn Dempster

SOUTH Africa's asbestos industry is "under siege" as a result of the powerful anti-asbestos health lobby in the West and the worldwide recession

This is the claim of the authors of a comprehensive report released by Johannesburg stockbroking firm E W Balderson

The Balderson report, which highlights the profit sensitivity of national asbestos mining, recommends long-term investors to sell — as "the long-term future of the industry has a shadow over it"

The industry is also awaiting a medical study on the incidence of cancers in South Africa's asbestos-mining areas, due to be released this year

South African Government officials say strict dust controls are applied at asbestos mines However, a visiting American international occupational health expert last week described conditions on the two mines he had visited as "archaic"

Mr Barry Castleman, a chemical engineer and consultant to a number of top environmental and government bodies on occupational health hazards, said South Africa was decades behind First World countries on stringent dust control

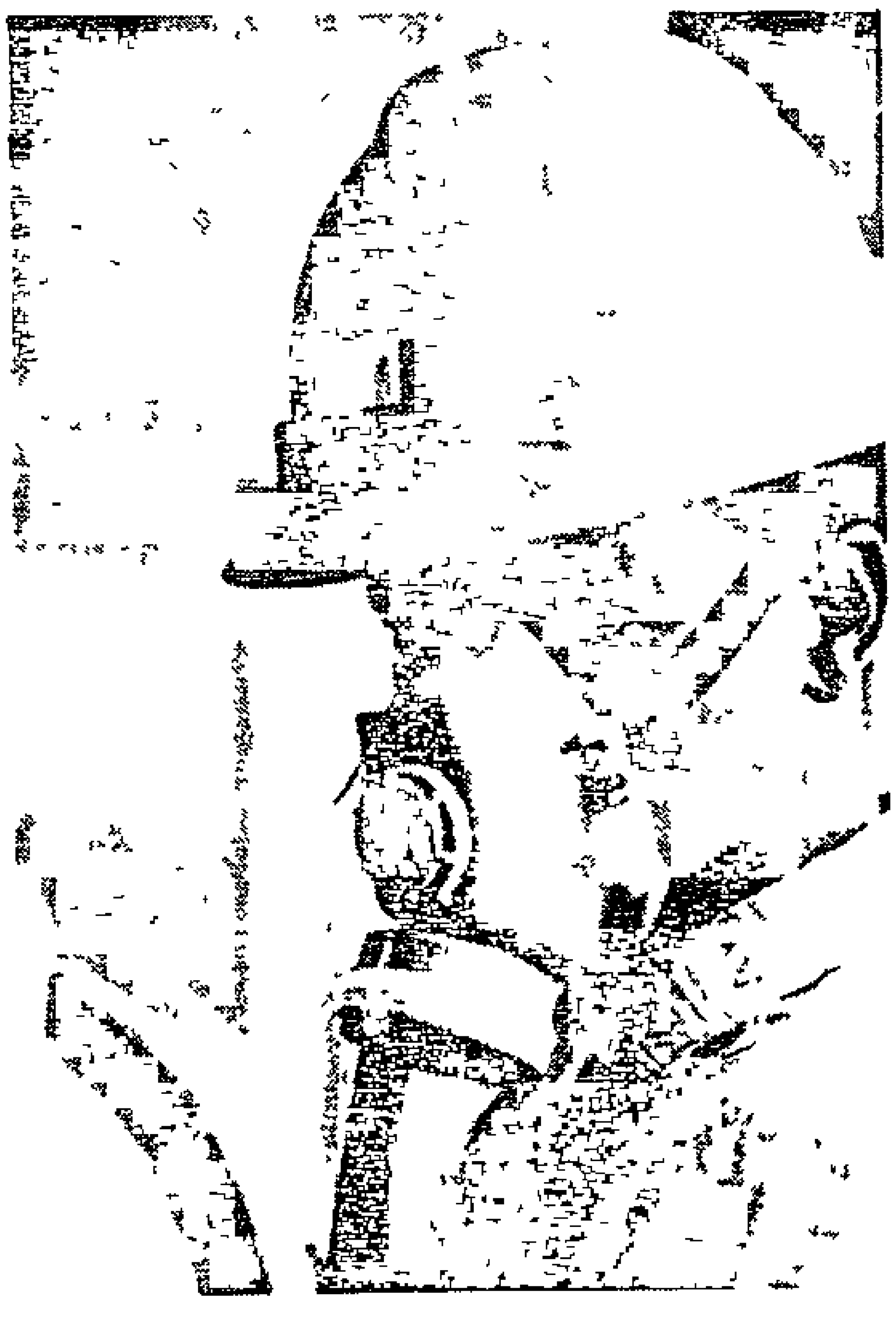
It is now widely accepted that asbestos mining is a health hazard, but the argument between environmentalists and producers still rages over the acceptable level of asbestos fibre/dust in the working area (under and above ground)

South Africa, after Russia and Canada, is the largest asbestos producer and exporter and holds a monopoly of crocidolite (blue asbestos) and amosite

The asbestos "twins" of the national industry who together account for nearly all domestic production — the Griqualand Exploration and Finance Company Ltd (Gefco) and Msauli Asbes Beperk (Msauli) — are now operating near breakeven point, says the Balderson report

"The anti-asbestos lobby is dealing with a highly emotional, graphically illustrative subject that makes for headlines and sensationalism In our view there is still time for the industry to present its case, for it to be accepted and to stabilise or reverse the downwards sales trend"

It concludes that the long-term future of the industry rests on "the race between the industry to prove it has instituted suitable controls and the technological development of suitable fibre substitutes commercially viable"



A worker wears a mask at an asbestos bag-filling station

A workman near on as

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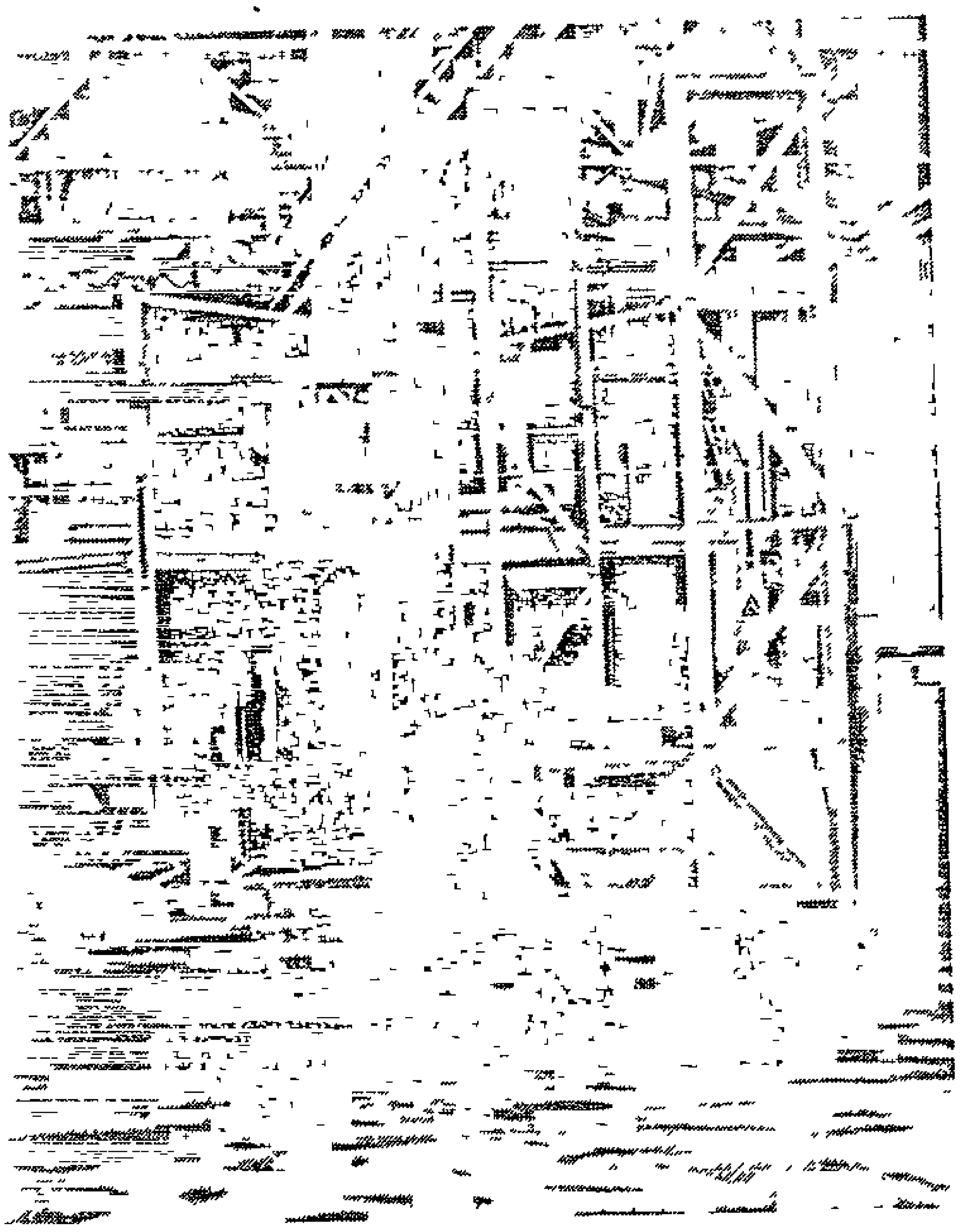
under siege



Kuruman district of the Northern Cape.

asbestos.

A workman near Kuruman sprays water on asbestos dust.

2: Ban by Britain ?

By GARNER THOMSON
Weekend Argus Foreign Service

LONDON — "All medical doubts" about the safety of asbestos are officially over, and by next August Britain will have introduced tough new measures to limit the exposure of asbestos workers — and the public — to the cancer-producing fibres

This week the Health and Safety Commission imposed much more strict controls on the use of all types of asbestos in the United Kingdom, and recommended a complete ban on the two most dangerous types, brown and blue asbestos

The move will go a long way to allaying public fears about the dangers of lung cancer and asbestosis from even relatively low exposures to asbestos fibres — but not far enough for some

Unions are almost unanimous in wanting the industry to commit itself to a complete phase-out of asbestos and, as one workers' representative put it, "to make sure they are well in with the asbestos-substitutes before it is too late"

For some, it is too late Many people suffered crippling and fatal diseases as a direct result of breathing in asbestos fibres One, a woman known to the country simply as "Alice", the subject of an horrific television investigation into the effect of asbestos on people who had worked with it, was directly responsible for the outcry that led to this commission

Unfortunately, Alice did not live to see the victory

While the new restrictions will come into effect only in a year's time, the eight-man commission also agreed to hold immediate talks with the Department of the Environment to see what protective measures could be taken to limit the public's exposure to asbestos

Throughout the country, thousands of buildings are known to have asbestos roofing, insulation or ceilings Its disposal remains a major health risk

The commission also recommended that the present limits to the amount of asbestos in the air in factories and loading bays should be reduced from one fibre to half a fibre per millilitre of air

This refers only to white asbestos Brown asbestos will be cut from 0,5 to 0,2 and blue asbestos will remain unchanged at 0,2

"All medical doubts (about the safety of asbestos) are over and we've got to get the limits down as low as possible," said commission chairman Mr Bill Simpson

"I think that most people will feel that this important package of regulations will begin to meet the very serious problem facing asbestos workers"

W/G ARGUS 27/8/83 193

3: SA under the spotlight to

THE asbestos industry has been at the centre of international controversy since the 1960s when it was discovered that the refined fibre was a "killer dust" with an estimated 40 percent fatality rate among occupationally exposed workers. CAROLYN DEMPSTER reports.

"PROJECTED deaths from asbestos-related diseases in America alone range from 8 500 to 10 000 a year for the next 30 years — and that is if we stopped using asbestos today," says Mr Barry Castleman, international expert on industrial health.

South Africa, the major producer of blue asbestos (crocidolite) and amosite, has frequently come under the spotlight in the asbestos debate

It was in South Africa in 1960 that research conducted by Dr C A Sleggs and Dr Chris Wagner produced sufficient medical evidence to show that blue asbestos caused or promoted asbestosis (a non-malignant lung disease) and a rare type of cancer of the lung lining — mesothelioma — among the miners and people who lived in communities near asbestos mines.

In their research, precipitated by the outbreak of the strange lung diseases in Kuruman in the Northern Cape, the doctors found "unbelievable conditions on the asbestos mines and mills".

Among the workers in the open-cast mines were women, often with babies on their backs, who separated the asbestos fibres from the serpentine rock by hand.

Unlined hessian sacks were used as repositories and every time the load was moved, clouds of blue dust filled the air

Lethal

Workers emerged from the mills covered with layers of the lethal dust, and asbestos waste was used for the roads in the communities The result was that not only the miners, but people who passed through the area or lived there for short periods, were developing mesothelioma.

The confidential report of the Pneumoconiosis Research Unit's mesothelioma survey of April 1962 stated: "People who live or have lived in the areas of Prieska, Koegas, Kuruman and Penge are in danger of contracting asbestosis — even though they have no industrial exposure to asbestos dust inhalation.

"An alarmingly high number of cases of mesothelioma have been discovered among people who live or have lived in the North Western Cape .. There is evidence to suggest that this condition is associated with exposure to asbestos dust, which again need not be industrial"

The report was never published in South Africa, allegedly as a result of pressure from business interests in the industry.

As a result of this and other research conducted in First World countries, it is now scientifically widely accepted that blue asbestos is so dangerous that even the most stringent dust-control safeguards are not sufficient, and the mineral should rather be left below the Earth's surface

Controls

Blue asbestos is now banned in England and Holland Sweden banned all asbestos products more than 10 years ago

Less than a year ago two films, shot on site at South African asbestos mines and shown by the BBC overseas, caused an international outcry because of the lack of adequate safeguards at certain mines

The outcome was an inquiry by the Department of Mineral and Energy Affairs into health conditions at asbestos mining towns.

This was followed by an announcement that stricter controls to reduce health hazards would be introduced

Among the controls scheduled to come into effect next year are.

● A reduction in the acceptable asbestos fibre concentrations at surface operations from five fibres to two fibres to a millilitre of air (The threshold limit value for blue asbestos has been set in Western countries and is 10 times lower — 0,2 fibres/ml)

● Modernising asbestos mills that are still regarded as antiquated

● Phasing out sun-drying and double handling of asbestos materials.

● A pre-employment information system to tell workers of the dangers of working with asbestos.

The government mining engineer, Mr G P Badenhorst, used the World Symposium on Asbestos in Montreal in 1972 to support the State's stance. "The answer lies in the systematic and concerted application of a rigorous and continual control in the mining industry," he said.

Diseases

However, the fact remains that it can take up to 20 years before the asbestos-related diseases reveal themselves

Activities of the powerful asbestos lobby in the US, Car rope are b be felt by as a major

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The indust ing from th blows of lawsuits

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SA under the spotlight too

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lung diseases in Kuruman in the Northern Cape, the doctors found "unbelievable conditions on the asbestos mines and mills"

Among the workers in the open-cast mines were women, often with babies on their backs, who separated the asbestos fibres from the serpentine rock by hand

Unlined hessian sacks were used as repositories and every time the load was moved, clouds of blue dust filled the air

Lethal

Workers emerged from the mills covered with layers of the lethal dust, and asbestos waste was used for the roads in the communities. The result was that not only the miners, but people who passed through the area or lived there for short periods, were developing mesothelioma.

The confidential report of the Pneumoconiosis Research Unit's mesothelioma survey of April 1962 stated· "People who live or have lived in the areas of Prieska, Koegas, Kuruman and Penge are in danger of contracting asbestosis — even though they have no industrial exposure to asbestos dust inhalation.

"An alarmingly high number of cases of mesothelioma have been discovered among people who live or have lived in the North Western Cape ... There is evidence to suggest that this condition is associated with exposure to asbestos dust, which again need not be industrial."

The report was never published in South Africa, allegedly as a result of pressure from business interests in the industry.

As a result of this and other research conducted in First World countries, it is now scientifically widely accepted that blue asbestos is so dangerous that even the most stringent dust-control safeguards are not sufficient, and the mineral should rather be left below the Earth's surface

Controls

Blue asbestos is now banned in England and Holland. Sweden banned all asbestos products more than 10 years ago

Less than a year ago two films, shot on site at South African asbestos mines and shown by the BBC overseas, caused an international outcry because of the lack of adequate safeguards at certain mines

The outcome was an inquiry by the Department of Mineral and Energy Affairs into health conditions at asbestos mining towns

This was followed by an announcement that stricter controls to reduce health hazards would be introduced

Among the controls scheduled to come into effect next year are:

- A reduction in the acceptable asbestos fibre concentrations at surface operations from five fibres to two fibres to a millilitre of air. (The threshold limit value for blue asbestos has been set in Western countries and is 10 times lower — 0,2 fibres/ml).
- Modernising asbestos mills that are still regarded as antiquated.
- Phasing out sun-drying and double handling of asbestos materials
- A pre-employment information system to tell workers of the dangers of working with asbestos

The government mining engineer, Mr G P Badenhorst, used the World Symposium on Asbestos in Montreal in 1972 to support the State's stance. "The answer lies in the systematic and concerted application of a rigorous and continual control in the mining industry," he said.

Diseases

However, the fact remains that it can take up to 20 years before the asbestos-related diseases reveal themselves.

Activities of the powerful asbestos lobby in the US, Canada and Europe are beginning to be felt by South Africa as a major exporter.

Consumption of asbestos, used in more than 3 000 applications, has dropped by more than two-thirds in the US over the past six years.

As a result of community pressure, six asbestos-cement plants in Canada and the US have been closed, schools with high asbestos-fibre insulation content have been shut down, and in England asbestos heaters and other fabricated products have been banned

The industry is reeling from the counter-blows of multiple lawsuits

10 RAND DAILY MAIL, Monday, August 29, 1983

193

It's safety first for glass industry

Simon Willson

Down to business

THE NEWLY-RATIONALISED glass industry is bracing itself for some spectacular growth in architectural demand for safety glass, amid a new security-consciousness in the building industry.

Increased security awareness in the building sector has followed closely on architects' growing preference for glass for other reasons, such as its rapid assembly and its insulation qualities

The result has been confident preparation in the glass industry for a golden age of glass in the country's new buildings, launched by the happy coincidence of higher planning priorities for security and for energy efficiency

This was the clear impression gleaned from a recent visit to the Port Elizabeth headquarters of Shatterprufe Safety Glass, which supplies most of South Africa's laminated safety glass

The company is part of the Solaglas division of Plate Glass & Shatterprufe Industries which, earlier this month, was merged with Pilkington Brothers SA to form the new company Glass South Africa

Shatterprufe supplies all laminated windscreens to the motor industry and bullet-resistant glass for domestic police and military vehicles

Prospects for safety glass in the automotive market are not considered nearly so bright, however, due to the sluggish recovery in the car market and the imminent start-up of an inland competition

Wesglas, a project masterminded by Anglo American, Toyota, Datsun and Sigma, will start producing automotive glass on the Witwatersrand in the middle of next year, cornering a substantial chunk of the market

The prospect of losing its dominant position in the motor industry has made Shatterprufe concentrate all the more on consolidating its position in the construction industry

The company readily admits that May's Pretoria car bomb has boosted interest in architectural safety glass

The Pretoria bomb helped the company decide to speed up the development and raise the marketing profile of its latest safety product high penetration resistant laminated glass, or HPR for short

An official HPR launch is approaching, complete with an audiovisual presentation stressing the vulnerability of public buildings to indiscriminate anti-personnel attacks

Company officials describe HPR informally as windscreen-quality glass for buildings

With a thicker interlayer, HPR is claimed to be three times stronger than ordinary laminated building glass

Yet another outside factor is poised to speed up the trend into architectural safety glass a semi-official committee looking into adjustments to national building regulations

The National Safety Glazing Council (NSGC) has been sitting for 10 years trying to draft legislation to standardise safety glazing in potentially hazardous public buildings

NSGC officials attribute the delay in reaching any conclusion to the requirement that safety glazing legislation would have to be introduced alongside similar legislation controlling other construction variables such as plumbing, electrical connections and bricklaying

There is hope within the committee, however, that proposals on safety glazing and allied building topics could emerge next year

This would add to the impetus towards fitting safety glass in all new public buildings

This impetus is already considerable, helped by fears of an approaching urban terror campaign

Safety glass manufacturers say some major developers are re-glazing existing buildings, with laminated glass, while others are turning to applied plastic films

Sowetan Sept. 1983

3-week strike at Firestone ends

By PHIL MTIMKULU

THE three-week long strike at Firestone ended on Wednesday when agreement was reached between the National Automobile and Allied Workers' Union (Naawu) and management.

Workers had struck on August 1 over dissatisfaction with a unilateral wage increase given to them

The agreement provides for, among other things:

- a productivity-linked increase ranging from three cents to ten cents, depending on the target reached Productivity levels will be monitored jointly on a weekly basis,
- a joint union — management investigation into the present incentive-based wage system with a view to changing it to a measured day work system,
- a commitment to negotiate future wage increases at Brits

The settlement provides the basis for a far-reaching review of present wage levels which in the foreseeable future will bring Firestone workers nearer to the union demand of a living wage

The union in conclusion, said it hoped that Firestone's progressive attitude would cause other employers to look seriously at their labour relations activeiy to reduce the ity,

Argus 16/9/83 (193)

R3-m contract for Hendler in Hong Kong

A SOUTH African company ~~is~~ cladding the walls of the Hong Kong underground railway system with the vitreous enamel panels it produces

The contract, worth about R3-million, was awarded to Hendler and Hendler in the face of stiff competition from British and continental companies

Mr Boris Yawitch, managing director, said the company had also been awarded a contract to supply Hong Kong's university with writing board systems and projection screens

He had visited Hong Kong in 1979 and made contacts in the building industry there His company established a subsidiary sales office in Hong Kong and was awarded a contract to work on the second and third phases of Hong Kong's mass transit system underground

EIGHT STATIONS

So far the company had completed work on eight stations and was about to begin work on four more

The company produced vitreous enamel panels, used on stoves and fridges, which had a permanent finish against abrasion and corrosion These panels were being used to clad the walls, from floor to ceiling, on platform concourses of the underground

The underground stations were colour-coded to aid illiterate people, which meant the company was producing the panels in a wide variety of shades

Merger raises Plate Glass value

193

RDM 19/7/83

Financial Reporter

THE merger of the South Africa glass interests of Plate Glass and Shatterprufe Industries and Pilkington Brothers will have the effect of increasing Plate Glass's net asset value by about 68c a share to R10,66

A circular to shareholders notes that Glass South Africa (Pty), a new company resulting from the merger, would have had taxed profit of R35 120 000 had it traded in the year ended March 31 Operating profit would have totalled R68 760 000

The new company will merge the safety glass, merchanting and contracting operations of PG's Solaglas International subsidiary and the glass insulating manufacturing business of Pilkington

The circular says the merger is not expected to have any effect on PGSI's earnings a share in the short term, although it should result in a meaningful increase in the long term

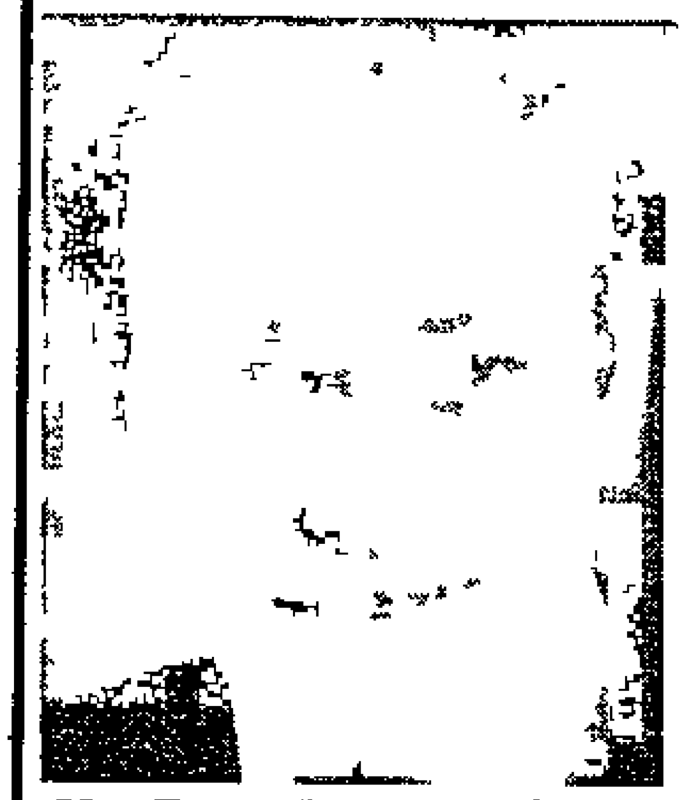
After implementation of the merger, which will be effective from last April 1, Glass South Africa will hold 100% of the following companies PG Glass, Springbok Management Services, The Frederick Sage Group, Pilkington Flat Glass, Pilkington Safety Glass, and Shatterprufe

PGSI and Pilkington UK will each hold 50% of the issued share capital of a new company, Salanc Holdings (Pty), which will in turn hold 96,8% of the issued capital of Glass SA

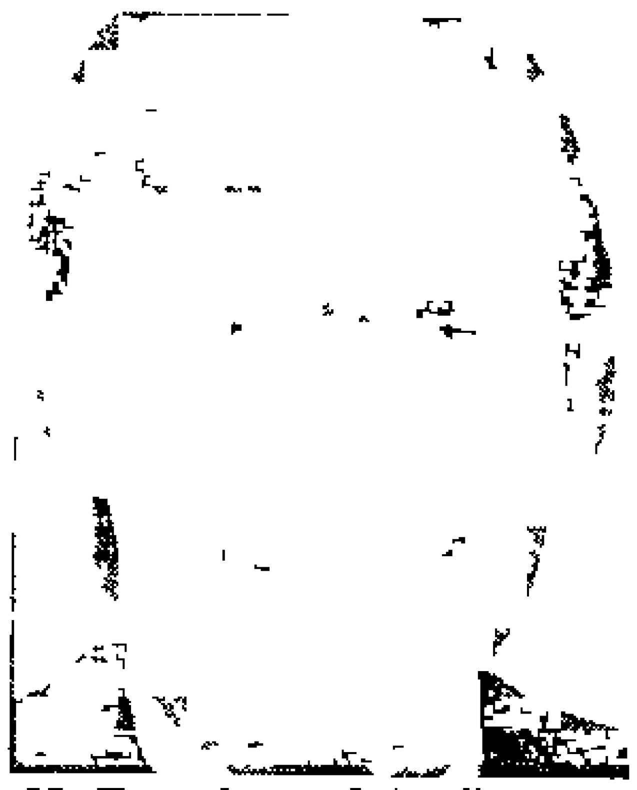
The rest will be held by Old Mutual, in exchange for its existing holding in Pilkington Flat Glass

Solaglass International and PGSI will consolidate Glass SA in their financial statements

NEW APPOINTMENTS

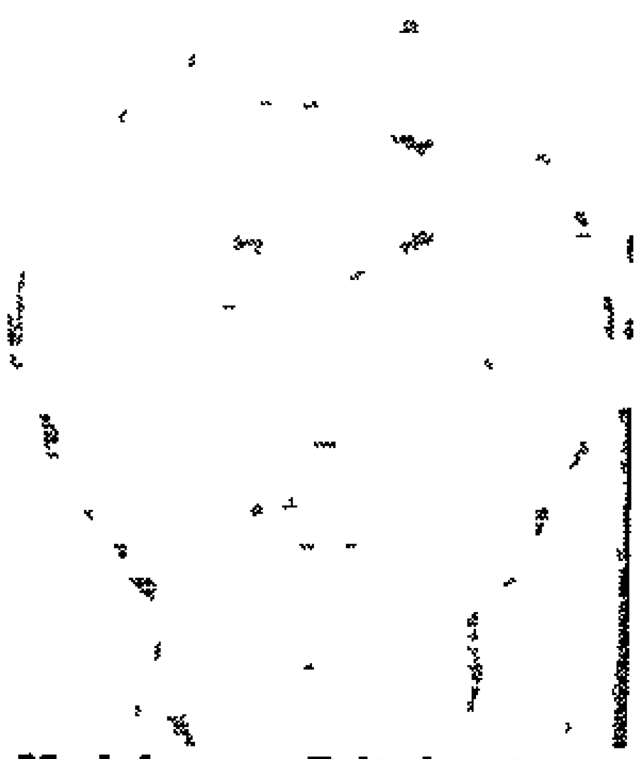


Mr Tony Trahar, of the finance office, has been appointed a manager of Anglo American Corporation.

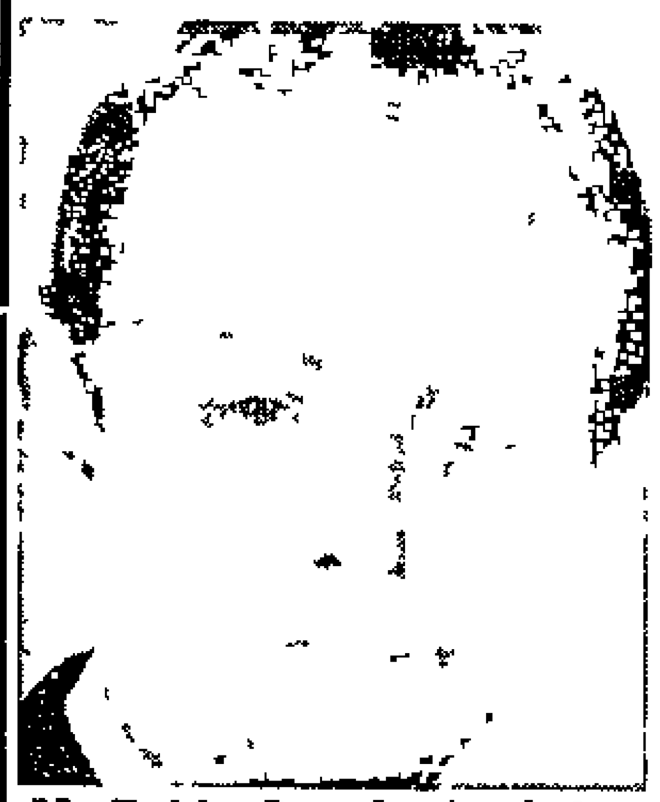


Mr Tony Lea, of the finance office, has been appointed a manager of Anglo American Corporation.

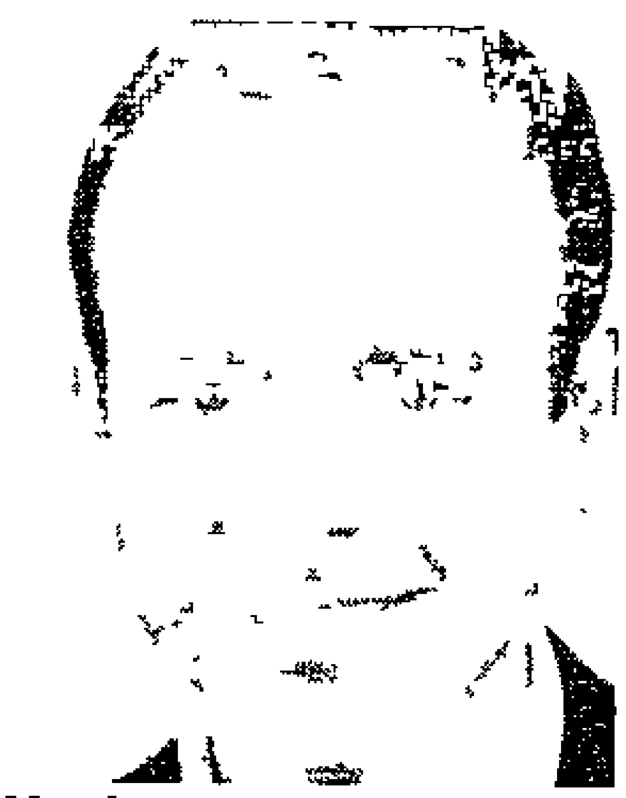
Mr Rod Boyd has been appointed marketing manager of Barclays National Industrial Bank



Mr Johannes Britz has been appointed a broker in the life assurance broking division of the UBS



Mr Robin Crawford, of the diamond services division, has been appointed a manager of Anglo American Corporation.



Mr Clem Sunter, who is secretary to the executive committee, has been appointed a manager of Anglo American Corporation.

Sats loses out to road

RDM 7/10/83 193

Industrial Editor

TRANSPORT of cement is being switched from rail to road as customers place more importance on prompt delivery times and fewer bag breakages

The switch represents a serious loss for South African Transport Services, which is losing an increasing amount of freight to the private sector

Almost all the cement consignments taken off the railways end up on the freight vehicles of private-sector road hauliers, worsening Sats' disadvantage against the private sector

In June, the latest month for which figures are available, the total national freight tonnage moved by road and rail was the highest for nine months at 35 820 000 tons.

Private-sector hauliers, however, accounted for 22 758 000 tons — or 63,5% — of the freight carried, against Sats's 13 062 000 tons — or 36,5%

"Judging by the demand of our customers, rail is becoming less and less competitive against private road haulage," Mr Naude Klopper, customer service manager of Blue Circle cement, said yesterday

"In our experience, customers have found increasingly that railed cement takes anything up to two weeks to reach them, and when they get it they find several bags are broken

"When they are offered a private road service, often with a next-day delivery and a totally undamaged consignment, it is not surprising which transport method they subsequently choose"

Transport of cement from the factories of the big three inland cement producers — Blue Circle, Anglo-Alpha and Pretoria Portland Cement — continued to be done by rail because it involved high bulk and a narrow range of destinations, Mr Klopper said

For this reason, rail would continue to move cement between the factories and depots for the foreseeable future

But when the bulk was broken down into separate customer orders and the destinations increased in range and diversity, road haulage gained a clear edge over the railways

Cement manufacturers had no control or influence over their customers' choice of transport once the cement had left the depots

Everite seeks substitute for asbestos in fibre-cement

ARGUS 13/10/83 193

EVERITE has been carrying out research on the use of alternatives to asbestos in fibre-cement products and some promising developments are in sight, its chairman, Mr H Thoeni, says in the annual report.

He says meanwhile the company shares public concern about the effect on health of breathing in asbestos fibres

It has invested heavily in measures to control respirable asbestos fibres at all work places in the fibre-cement division to international safety standards

NO RISK

"Everite is convinced that, under present safety and health conditions and providing recommended precautionary measures are observed, there is no abnormal risk to employees in the fibre-cement industry nor to contractors who use fibre-cement products containing asbestos"

Mr Thoeni expects the recession to continue until at least mid-1984

But in spite of this and the effects of the drought he expects profits to be close to the past year's performance

The group lifted after-tax profit for the year to June by 16 percent to R15,4-million and turnover by 7 percent to R176,1-million

SURPLUS CASH

"The improvement in profit is mainly due to increased investment income arising from surplus cash, a lower Lifo stock adjustment and fees earned for participation in lessor trusts formed for the lease of certain manufacturing facilities

"A further contributing factor was tight cost and staff complement control"

Dividends were maintained at 50c a share

Audrey d'Angelo

Building industry boom predicted

ARGUS 24/10/83 193

From the Property Editor

PORT ELIZABETH — The building industry will enter the busiest time the country has known before the end of next year, said the president of the Building Industries Federation, Mr Pat Morris, at the annual congress today

While the federation was spending R15-million a year to train an adequate workforce to meet the boom situation, he had grave doubts whether manufacturers of cement and bricks were taking similar steps

He said Bifsa was investigating the possibility of importing cement and bricks and "has already been successful in making contact with interested firms overseas"

Permission

"We have also received assurance from the Government that we would receive permission to import materials in short supply

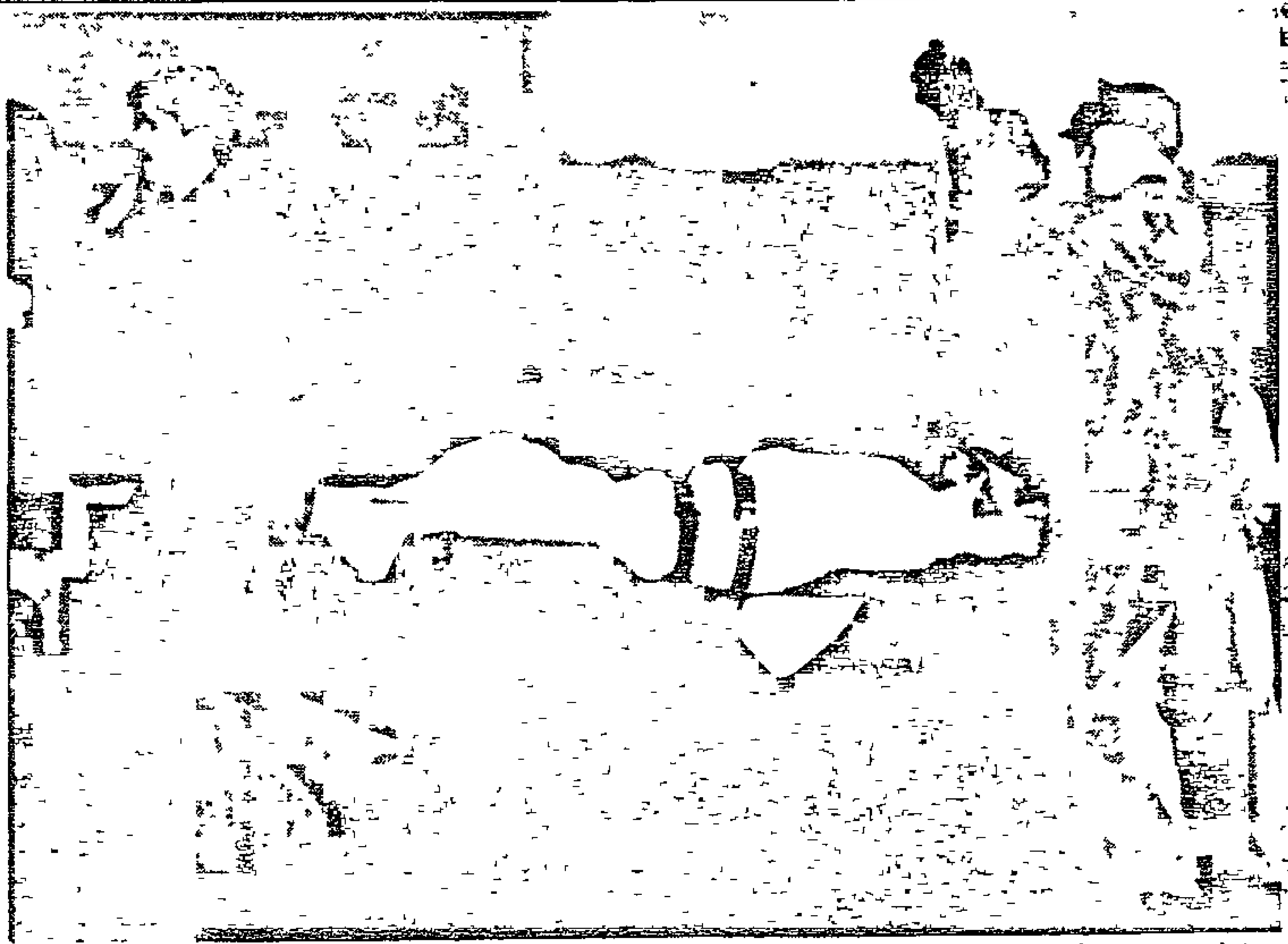
Mr Morris said South Africa now spent less on housing than most comparable countries

He proposed a four-point plan to reduce building costs to a level the lower-income group could afford

- Projects should be organised on a grand scale which, in the case of Mitchell's Plain, produced economics of 50 percent

Developed land

- The cost of developed land should be drastically reduced by the lowering or total elimination of certain services such as street-lighting, pavements and wide roads By annually reducing the average waiting time in a township development application the final selling price of one erf could be halved, he said.
- Non-conventional housing forms, building methods and materials should be allowed.
- Housing should be made the responsibility of one dynamic democratic Government department.



Strapped to a stretcher, a United States Marine who was seriously injured in the Beirut bomb attack is rushed to a waiting helicopter at Frankfurt's Rhine-Main Airbase where 36 injured survivors were airlifted overnight for treatment in military hospitals in the area.

Horror and shock all over world

NEW YORK. — National leaders around the world have denounced yesterday's bombings.

President Reagan "These deeds make so evident the bestial nature of those who would assume power", if the US forces were to leave Lebanon "There are no words to properly express our outrage"

The French Prime Minister, Mr Pierre Mauroy "An odious and cowardly attack against France and against peace"

Lebanese President Amin Gemayel "Deep sorrow over brave sons who died in a foreign land in defence of freedom and democracy"

British Foreign Secretary Sir Geoffrey Howe "A hideously malevolent action by any standards."

Mr Richard Luce, British Minister of State at the Foreign Office. "Gigantic atrocity"

The Pope "An act of war"

Israel's Prime Minister, Mr Yitzhak Shamir "A despicable crime"

Pravda "The Vietnam story begins to repeat itself."

Mr Javier Perez de Cuellar, Secretary-General of the United Nations "A despicable act."

Italian Prime Minister Mr Bettino Craxi "Vile attack by criminal hands"

Mr Walid Jumblatt, leader of Lebanon's leftist Druze faction "Tragic"

Saudi Arabian Ambassador to Washington, Prince Bandar Bin Sultan. "Terrorist actions"

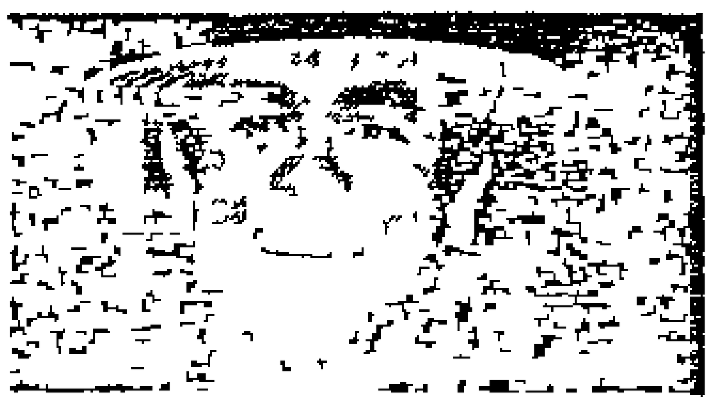
Egypt's Foreign Minister, Mr Kamal Hassan Aly, called for restraint for the sake of peace

Brazil's President Joao Figueiredo "Barbarian attack" — Sapa-AP

INSIDE TODAY

Jackpot round-up

A number of top-class young horses will be in action in the four legs of Wednesday's jackpot at Milnerton. See Page 19 for The Argus Ratings.



Colour poster

A full-colour pop poster of Elton John, who has just visited the city, appears in Tonight.

TOMORROW

Pyramid power

Pyramid power — good vibrations, or just pie in the sky? Maureen, President Ronald Reagan's volatile daughter, Spring Brides, strawberry fare, fairy-tale fashions and more in Argus Woman tomorrow.

D. Dispatch 26/10/83 (193)

Panic buying blamed for brick shortage

PORT ELIZABETH — Panic buying by spec builders was partially to blame for the present shortage of plaster bricks, one of the country's leading construction men said yesterday

Bill Hamilton of Natal, who was honoured on Monday at the annual congress of the Building Industries Federation (South Africa) for his work for industry, said in an interview here the delay in supply of plaster bricks (commons) was due to a "tremendous acceleration" in building in the residential market

But he added "Whether the delay will be a year (as reported previously) is very doubtful

"A large number of panic orders are being pushed, in covering probable finality of contracts

"We know that the building of residential property is likely to ease off as building societies are now not so flush with money Substantial amounts are coming into the societies but the flow has slackened off

"The established general contractor who places his orders in a planned manner can reasonably expect to get his supply on time," Mr Hamilton said

But he said the speculator who comes "to make a quick buck" could have difficulties

Mr Hamilton said all materials suppliers — be it bricks, timber, or cement — naturally tend to favour established customers and have close co-operation with them

"I'm not saying there won't be a shortage — there's always a shortage or a surplus in our cyclical industry," he said

In May there had been 200 million bricks stockpiled in South frica — in two-and-a-half months they had all gone

Brickmakers — and this goes for cement and timber too, he said — were working three eight-hour shifts a day, factories have been taken out of mothballs and new factories are being developed in the Transvaal and Swaziland

Other factories were doubling up their capacities, bricks were being transported from Vryheid and Glencoe where there is not such a demand to areas which have been hit by the demand

On labour, Mr Hamilton said there were shortages in spite of the progress made in training by Bifsa and contractors A large number of blacks were entering the industry at all trainee levels

Job creation had been tremendous — "we have tripled employment in the last 25 years"

Mr Hamilton pointed out it was difficult to use intensive labour operations in urban areas but the method could work in more rural environments — DDC

193

Spec builders blamed for brick shortage

RDM 26/10/83

Own Correspondent

PORT ELIZABETH. — Panic buying by speculative builders was partially to blame for the shortage of plaster bricks, said a construction chief yesterday.

Mr Bill Hamilton, of Natal, who was honoured at the annual congress of the Building Industries Federation (South Africa), said in an interview that the delay in the supply of plaster bricks (commons) was caused by a "tremendous acceleration" in building in the residential market

"But whether the delay will be a year is doubtful. A large number of panic orders are being pushed, covering probable finality of contracts

"We know that the building of residential property is likely to ease off as building societies are now not so flush with money as before. Substantial amounts are coming into the societies, but the flow has slackened

"The established general contractor who places his orders in a planned manner can expect to get his supply on time."

But speculators out "to make a quick buck" could have difficulties.

Mr Hamilton said all material suppliers tended to favour established customers and were in close co-operation with them.

"I'm not saying there won't be a shortage — there's always a shortage or a surplus in our cyclical industry"

In May, 200-million bricks were stockpiled, but in 2½ months they had all gone.

Brickmakers were working three eight-hour shifts a day, factories had been taken out of mothballs and factories were being developed in the Transvaal and Swaziland, the Swazi venture by the London Brick Company.

Other factories were doubling their capacity. Bricks are being transported from Vryheid and Glencoe where there was no great demand to other areas

Mr Hamilton forecast the economic recovery would be delayed until 1985 and 1986. A lot depended on political activity, but he was optimistic — "we wouldn't be builders if we weren't It looks to me that in a year's time we will start stepping up again"

The brick supply would improve by 10% a year. "It costs R30m to build a brick factory which can turn out 80 million bricks of all types a year."

WAGE DETERMINATIONS

Arguing basics

FM 4/11/83

193

Unions and employers frequently disagree on what constitutes a "living wage" But hearings being conducted by the Wage Board indicate that equally sharp differences of opinion exist among employers

Last week the board heard representations from interested parties in an investigation of the minimum wage clause for the stone crushing industry These included the Building Construction and Allied Workers Union (BCAWU), Murray & Roberts (M & R), Darling & Hodgson (D & H), Tarmac, Bay Stone Sales, and Hippo Quarries

193 FM 4/11/83

The statutory minimum wage being paid in the industry at present is 81c/hour (which amounts to R37,26/week) Most employers favour this being raised to R1/hour in January next year, with further rises of 7% being implemented in July and the end of the year But Grinaker subsidiary Bay Stone Sales, and Hippo Quarries, a member of the Anglo-Alpha Group which employs about 40% of workers in the industry, are both *opposed* to the R1/hour proposal

They believe that a far more substantial increase is neccessary Hippo maintains that wages paid by most employers in the industry have risen by about 9,3% since 1980, while average aggregate prices have risen by 73% in the same period

It proposed two alternative means of raising the basic hourly minimum to R1,73 by January 1985 Basic hourly minimum rates could be increased to R1,51 in January it told the board, to R1,62 in July; and then to R1,73 in January 1985 Or alternatively, the minimum could be raised to R1,22 in January next year, to R1,48 in July and to R1,73 in January 1985

For once labour and some managements concurred BCAWU's representative told the board that an increase to R1/hour was retrogressive He said "In real terms the proposed increase represents a decrease, not an increase, since the last determination BCAWU proposes at least R1,50-R2/hour, which not only takes the increased cost of living into account but the ability of employers to pay"

However, the other employers stood their ground Sir Rupert Bromley representing the Aggregate Producers Federation, M & R and the Transvaal Aggregate Manufacturers Association (Tama), pointed out that there was general consensus among employers that wages should go up by at least the cost of living

"As we will be negotiating wages with unions in the future, the minimum should be kept as low as possible, leaving the employer free to negotiate bonuses," he said

Tama's view is that the CPI projected to end-1983 has increased 37,1% from June 1981 — just before the last determination The proposed increase was 35,14%, effective from January 1984, and during 1984 a 7% increase compounded would come into effect in June and December So, according to Tama, the increased CPI is being accounted for

Tama also holds that minimum wage rates must not be boosted to unrealistically high levels as this may affect companies' viability — especially small ones Further, high minimum rates may also prevent management from having sufficient funds to reward those employees who deserve more on the basis of merit

These representations vividly illustrate differing perceptions about appropriate minimum wages Hippo is committed to paying a living minimum wage which relates to an objectively determined minimum In the past it has been guided by the Minimum Living Level (MLL) calculated by Unisa

In February this year the MLL for a black family of five in the Johannesburg area was calculated at R1,35/hour — and Hippo currently pays an hourly minimum wage of R1,36, excluding numerous other benefits it provides

Shortage of bricks hampers E Cape builders

E.Post 193 5/11/83

Weekend Post Reporters

A CRITICAL shortage of bricks is putting the brakes on the building industry in the Eastern Cape and threatening to slow the region's recovery from recession

Panic buying this week has exacerbated the situation

With full order books, the industry had been enjoying semi-boom conditions since March. Now some companies are having problems keeping men employed.

Bricks may have to be imported into the Eastern Cape again, as they were during the shortage two years ago, when consignments were railed from Zimbabwe.

The Government has given its approval for the imports

At present there is a delay of up to three months on orders of stock bricks, up to five months on face bricks, and up to a year on some decorative bricks

Mr Des Masters, president of the Master Builders' Association in the Eastern Cape, is urging companies to order no more than they need for work in hand.

"Ghost" buying — for speculative contracts — is making the situation worse, he said.

Panic buying has started because builders fear supplies will dry up — and because they anticipate a further upswing in the trade

Mr Dave Osborne, general manager of Corobrik, the largest producer in the Eastern Cape, explained how the crisis had arisen.

"The situation is that late last year and early this year Corobrik was stockpiling and about March/April the building societies apparently released a lot of money into the market and the demand for bricks outstripped supply.

"It was totally against the economic trend and we have reached a situation now where Corobrik has not one brick in stock."

He said: "We are working

● To Page 2

Bricks may have to be imported again

193 E. Post 5/11/83

● From Page 1

at full production and are going to work right through Christmas and the New Year period.

"Orders are being dealt with on a first-come first served basis and delivery dates now extend to January/February for ordinary bricks, March/April for face bricks, and almost a year on certain bricks, Grahamstown iron spot decorative bricks being one"

"Corobrik has increased production at Grahamstown by [illegible]% over the past two years. Both factories are now working on maximum output"

Mr Eric Offerman of Algoa Brick and Tile, said his company had a waiting list of anything from five to 12 months, depending on the type of brick ordered.

Mr Kobus Esterhuyse, a builder with a private company, told Weekend Post: "At the moment the situation is critical and that is putting it mildly

"I reckon importation of bricks will be the only answer given the amount of work that has to be done."

Mr Hylke Jorritsma, another private builder, said "I find the situation unbearable I am living from hand to mouth.

"When you order the bricks they tell you that there's a three-month wait and meanwhile the firm wants you to start work on the job as from yesterday.

"Ordering from overseas would be one solution."

Mr Ralph Calitz, a building contractor, said he had ordered 250 000 bricks early this year, and has enough face bricks to last another two years.

"I don't anticipate any problems for myself, but the people who will battle are the big contractors."

A spokesman for Ade[illegible] builders said "We have slowed down our building because the situation is so bad.

"We've been trying to find work all over for our men"

Mr Masters said: "During the last three to four months there has been a spurt of demand for face-brick, particularly from institutions that have suddenly received the funds to build and have gone ahead with their plans."

Mr Lou Davis, executive-director of the Building Industries Federation of South Africa, said he thought the chances of importing bricks to South Africa were fairly remote.

"Bricks are an extremely heavy product — 1 000 bricks would weigh about five tons"

520 stage one-hour strike at PE factory

193

8/11/83 E. Post

By CLAIRE PICKARD-CAMBRIDGE

ABOUT 520 workers stopped work for an hour at the Shatterprufe Safety Glass factory in Port Elizabeth's Neave Township today

The action followed a report-back meeting by their union representatives, who are currently involved in negotiations with management

The workers are members of the registered Chemical Workers Industrial Union, an affiliate of the Federation of South African Trade Unions (Fosatu)

The personnel director at Shatterprufe, Mr Neville Schonegevel, said the work stoppage started at 7am when most employees arrived Work began at about 8am and negotiations with the union were to continue this afternoon

The company had been involved with substantive negotiations, ranging from wages to conditions of employment, with the Chemical Workers Industrial Union since last Friday

"Negotiations have been constructive and we feel progress has been made," he said

"When we left negotiations on Friday we had another session scheduled for this afternoon"

He said it appeared the union had held a feedback session with workers last night and workers had been unhappy with some aspect of the negotiations

Mr Wesley Phillips, branch secretary of the union, confirmed the work stoppage He said his union represented about 400 members — 80% of the work force at Shatterprufe — but all the workers had gone on strike

Issues disputed had concerned wage and bonus increases

EVENING POST, WEDNESDAY, NOVEMBER 9, 1983

Brick price hike related to 'cost, not demand'

193

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Post Reporter

THE October brick price increase was not related to the sudden demand and subsequent shortage of bricks, a spokesman for the largest manufacturer of bricks in the country said today

Mr Geoff Bird, public relations consultant for Corobrik in the Eastern Cape, said Corobrik reviewed its prices quarterly and price increases were directly related to cost

He was reacting to a newspaper report in which some Port Elizabeth builders accused Corobrik of increasing brick prices to take advantage of a sudden demand and the resulting shortage of bricks

"There definitely is a shortage and we have orders for up to one year," he said

"But the price review is a quarterly thing and it helps alleviate the problems that would arise from one big price increase a year, which would disrupt the industry

"The next price review will be in January, but that does not mean there will be another increase," he said

Although there was a shortage of bricks, demand for bricks — particularly in the home-building sector — had dropped in the last six weeks

Mr Bird denied the increases over the past year were a result of the dropping of price control or the "so-called" virtual monopoly of brick producers

According to the newspaper report, the October brick increase of between 5% and 7½% — the third increase since price control was lifted early last year — had greatly affected housing costs and the latest increase meant R865 had been added to the cost of a R60 000 house

"It must affect the cost of housing — any increase does," said Mr W E Goosen, chairman of the Port Elizabeth and Midland branch of the Institute of Estate Agents of South Africa

According to Mr Goosen, the latest increase could raise the price of a new house by at least R1 000

"We predicted this last year The institute has been preaching for more than 15 years that 'the time to buy is now'," he said

It was unlikely that property would get cheaper or that the price increase would swing potential buyers towards old houses

"We've always had increases but somehow the average man sees his way clear," Mr Goosen said

Two unions in dispute with stores

193

S. Post

9\11\83

Post Reporter

THE 9 000-member National Union of Distributive and Allied Workers (Nudaw) today joined the Commercial, Catering and Allied Workers' Union of SA (Ccawusa) in declaring a formal dispute with the giant OK Bazaars chain over wages

The breakdown in wage talks is expected to affect about 20 000 workers countrywide

Speaking from Cape Town, Miss Dulcie Hartwell, secretary of Nudaw, said she had just informed the personnel director of OK Bazaars South Africa, Mr Richard Blackwell, that the union was declaring a dispute and had applied for a conciliation board to settle the matter

She said the conciliation board would consist of union and management representatives and a legal strike would not necessarily be declared if an agreement was not reached

Union members would still have to be balloted before such a decision was made

She said Nudaw, whose membership consisted of white and coloured shop workers, would be working closely with Ccawusa, which represented only black workers

Nudaw, a registered and unaffiliated union, would ask the Minister of Manpower, Mr Fanie Botha, to handle the two conciliation board applications jointly, she said

Mrs Emma Mashinini, secretary of Ccawusa, confirmed the joint request

● Urgent talks between the Shatterprufe Glass Company and the Chemical Workers Industrial Union continued in Port Elizabeth today following a one- hour work stoppage yesterday by the entire work force.

Management and union representatives were engaged in talks all morning and could not be contacted for comment

Blame is put on 'rising costs'

Price of bricks to increase by 4,8% today

RDM 193 16/11/83 [redacted]

By J MANUEL CORREIA

THE Consumer Council yesterday expressed concern at the latest increase in the price of bricks, which comes into effect today.

Corobrik has announced that the price of clay plaster bricks will go up by 4,8% in the Transvaal — an increase of R3 per thousand — from R70 to R73

Corobrik is also putting up the price of two face brick products by 4,8% It has put the increases down to "rising costs and the price of maintenance spares".

A spokesman for the Consumer Council said he was disturbed at the number of price increases since the Government lifted price control on bricks.

"One cannot say that some increases are not justified, but it is very easy to shelter behind the magic phrase 'rising costs'

"I believe Corobrik holds about 40% of the market and I would be very curious to know on what grounds these latest increases are based

"I think the consumer is also entitled to know, in black and white, the reasons for increases

"This applies not only to the brick industry but to all other instances where prices are put up and rising costs are given as the excuse The consumer should not be kept in the dark"

The chairman of the National Consumer Union, Mrs Betty Hirzel, who is also a member of the council, said yesterday not all price increases could be criticised, but that it was to be hoped that the brick industry was not in a monopolistic situation

"If it is, then I think the Competition Board should look at it"

She said she felt that if the price of bricks rose to unacceptable levels, this would particularly affect the ability of blacks to buy and build houses and secure loans

Housing for blacks was a stabilising factor and a disruption through unacceptably high brick prices could well have dangerous consequences

Silence over brick price rise

193 [redacted] RDM 17/11/82

By J MANUEL CORREIA

COROBRIK, which has increased the price of clay plaster bricks and of two face brick products by 4,8% in the Transvaal, yesterday declined to react to criticism by the Consumer Council of the latest increase

The increases came into force yesterday and will result in an increase of R3 per thousand — from R70 to R73 — for clay plaster bricks

A Consumer Council spokesman expressed concern at the latest increase He made it clear that not all increases were unjustified but that he believed the public was entitled to know exactly why the increases were necessary

Corobrik has put the increases down to rising costs and the price of maintenance spares

The chairman of the National Consumer Union, Mrs Betty Hirzel, said she felt that if the price of bricks rose to unacceptable levels this would affect the ability of blacks to buy and build houses and to secure loans

Since housing for blacks was a stabilising factor, a disruption through unacceptably high prices could well have dangerous consequences

She also suggested that if there were monopolistic conditions in the brick industry these should be looked at by the Competition Board

The Consumer Council spokesman said he believed Corobrik held about 40% of the market and that he would be "very curious" to know on what grounds the latest increases were based

A Corobrik spokesman declined to discuss the points raised

"We have issued a Press statement about the increases and we will stay with that," he said

Cement import plan attacked

(193) RVD M

17/11/83

By HAROLD FRIDJHON

AN ATTACK on plans to import cement at alleged dumping prices has been made by the chairman of Pretoria Portland Cement, Mr George Bulterman, in the annual report

He says that tariff and anti-dumping protection policies, particularly if jobs are at stake, are necessary to safeguard an important industry

He refers to "spurious and disruptive foreign competition"

The authorities apparently regard this as a source of healthy competition for SA producers

"We do not seek protection against the import of cement, provided such import meets all the criteria required of us as regards quality, continuity of supply and competitive prices on a countrywide basis, without excessive hidden subsidisation, and does not originate from distressed foreign producers"

It does not seem propitious now for the import of large quantities of cement There is excess domestic capacity and relatively low demand

The return generated in the cement divison is far below that considered acceptable by the Price Controller before lifting of price control

PPC absorbed part of the increased rail tariffs and input of coal and power costs before increasing cement prices in July-August

The 8% bulk price increase of R4 a ton did not fully compensate for these increases Bagged cement prices were raised by a higher percentage to recoup the cost of improved packaging

Construction has started on a plant at Dwaalboom, north-west of Rustenburg Estimated cost of the project, with a productive capacity of 600 000 tons of clinker a year, isd R300m, of which R70m has been committed

Mr Bulterman is dismayed at the decision of the authorities to discontinue from July 1985 the investment allowances in force when the decision to construct the plant was taken Representations will be made to seek tax relief

CEMENT CONTROVERSY

What's new in the cement dump?

(193)

Price control in the cement industry was abolished roughly 18 months ago The move was welcomed by cement producers who argued that this was in line with the spirit of free enterprise In recent weeks, however, the cement cartel has clearly disapproved of the provision of import permits to Cement Enterprise, a consortium which intends importing 6% of SA's cement requirements

This seems anomalous given the industry's commitment to free market ideals Competition — economic rivalry — is a fundamental feature of capitalism and is the regulating force in a *laissez-faire* economy The free entry and exit of competitors to industry provides the essential flexiblity to ensure that a free market economy remains efficient over time Excessive concentration of economic power leads to the demise of capitalism, widespread diffusion of economic power controls the use and limits the abuse of that power The cement cartel is either in favour of price control, an essentially non-market device, or it favours free enterprise, with inevitable competition from domestic or foreign producers On the face of it, the major domestic suppliers "want to have their cake and eat it"

The above viewpoint may, however, be naively simplistic George Taylor, executive director of the SA Cement Producers Association (SACPA) agrees that there may be an attempt by foreign producers to "dump" cement in this country in the near future The recent worldwide economic recession, together with the very sluggish recovery by the major industrialised nations, have caused surplus stocks and under-utilised capacity in Western Europe, Taiwan, Japan and (apparently) some Eastern bloc countries

Shipping is currently inexpensive some shipping companies claim that rates are at their lowest ebb since the turn of the century Many Western European countries are concerned about excessive imports of cement from Eastern bloc nations Sweden, for example, has gradually increased its imports of Polish cement to 15% of the domestic market, despite a significant decline in local consumption Similarly, West Germany's imports of cement have increased by 60% despite a shrinking domestic market Conditions are ripe for dumping by both Eastern and Western European countries

Cement cartel representatives claim that it is for this reason that they are disturbed by the issue of import permits Fuel is added to their argument when it is realised

(193) FM 18/11/83

that long lead times — normally three to four years — are required for increased productive capacity Expansion plans have already been commenced in the industry and, over the next five years, R1 000m is to be spent by the major producers on new factories SACPA claims that there is no current shortage of cement in this country Should a deficiency in supply develop before the new plants have come on stream, all under-utilised capacity throughout the country would be made operational If necessary, the cartel would import cement — as it has been done in the past Cement was imported from Taiwan and sold to domestic consumers at, it is maintained by domestic producers, no profit to members of the cartel

Domestic cement producers argue that they have kept price increases reasonable since the abolition of price control and they continue to make use of the university consultants they used prior to its abolition In October 1982, for example, prices increased on average by 7,5%, and in July 1983, by 9% Quite clearly, over the past year or so, price increases have been substantially below the rate of inflation.

It is also noted that in the late Seventies, the Cement Marketing Organisation (CMO) won the National Productivity Institute (NPI) award because of the enormous reduction of transport costs in this industry. There had been substantial "cross-haulage" prior to the formation of CMO, but the introduction of the sophisticated computerised transport model permitted orders to be supplied from the nearest outlet (in line with agreed market shares) For these reasons, the cement industry believes it has acted efficiently

Some protagonists of the free market viewpoint, however, claim that there is not sufficient substance to any of the above arguments to afford protection to the cement industry The NPI award was won by the CMO while cement was subject to price control Given this constraint, the only way that profits could be enhanced was by a reduction in costs. Acting in their own best interests, the three suppliers of cement achieved this objective But price control now no longer exists, and competition, the regulatory force of capitalism, should surely be encouraged

Bernard Moyle, head of Cement Enterprise, contends that his supplier is not looking for a market in which to dump cement a five-year supply contract is a guarantee of this He claims that his large international supplier will be able to supply cement from a number of sources of outlet and not just one country A "barge" or "factory ship" would be used and fed by bulk carriers — cement could thus either be packeted or pumped out as bulk supply

According to Moyle, the cement cartel has "not done sufficient homework" and it is quite likely that excess demand would result as soon as the economic upturn commences next year "I could be wrong," claims Moyle, "but that is the chance that entrepreneurs take in free enterprise economies My supplier has conducted extensive research in this country and is convinced that it is possible to compete profitably with local supplies"

Whatever individuals may feel, the authorities believe that free market forces should here be allowed to play their role.

If it is a case of dumping, the authorities are clearly wrong. If, on the other hand, the foreign competitors can produce and ship cement from Europe to SA at a lower final cost to the consumer than that of our domestic producers, the cartel should work towards winning another productivity award.

Workers win big bonus increase

CUSA 193

18/11/83

PORT ELIZABETH. — Workers at the Shatterprufe Safety Glass company in Port Elizabeth are to receive a 250% bonus increase and a 10% across-the-board wage increase, following negotiations between management and the Chemical Workers' Industrial Union last week.

Mr Les Kettledas, a spokesman for the Federation of South African Trade Unions, said members believed the bonus increase was "very substantial", the size of the increase being one he had not previously encountered in his dealings with employers

"In my opinion the bonus increase compares favourably with some of the other leading companies in the area," he said

This follows a dispute between management and 520 workers at the company who staged a one-hour strike last Tuesday over management's wage and bonus offers

Workers finally accepted management's offer after a report-back meeting with the union last Thursday The increases come into effect next month.

Mr Kettledas said workers were happy with the bonus increase as it was a "sensitive issue which had been a priority among them" The union, however, would continue to pursue its demand for one month's salary as a bonus, he said

He said management's initial offer of a 3% wage increase and an additional annual bonus — equivalent to one week's wages — had been rejected by workers

The final bonus increase was equivalent to three-and-a-half weeks' pay and meant that a worker in the lowest grade would receive an additional R205 bonus — in this instance, a total of R287

Mr Neville Schonegevel, personnel director at Shatterprufe, said the company was satisfied with the settlement

A recognition agreement was concluded between management and the union on August 12 and more than 80% of the workers belong to the CWIU — Sapa

Germans may set up brick factory in PE

9/11/83 193 E Post

By CLIFF FOSTER

A GERMAN brick company this week flew representatives to South Africa to investigate the possibility of establishing factories in Port Elizabeth, Cape Town and on the Reef

The company is to ship between one and two million bricks a month to the Eastern Cape soon

It is making a revolutionary tongue-and-groove brick that is cheaper than the traditional brick and effects a saving on mortar of 90%

The East Cape consignment is part of a huge import order placed to ease South Africa's critical brick shortage which threatens to stall the country's recovery from recession The order consists of 25 million face bricks nationwide, carried in six ships

It has been negotiated with Oltmanns (which operates 10 factories in Germany, two in France and one each in Britain and the Ivory Coast) by a Cape Town builder, Mr Stone Stemmet a director of Debisa (Pty) He was in Port Elizabeth this week collecting import orders as well as information about possible factory sites

He told Weekend Post "It would be wrong for me to tell you which specific builders in the Eastern Cape have placed orders because the South African monopolists will get at them, as in Cape Town

"But I can tell you that between one and two million bricks will be shipped into the Eastern Cape every month

"I am meeting in Johannesburg with the German exporters this coming weekend We are sincerely hoping they can establish a factory in the Eastern Cape We will be looking at the potential clay deposits "

Of the revolutionary brick, he said "It is manufactured so accurately — to a tolerance of less than 1mm — that the handyman can use it to build his own home

"You can put down 400 of these bricks an hour They are a tongue-and-groove clay brick with a part polystyrene content The brick is completely airtight, has excellent thermal qualities and is very light to handle

"It is 20% cheaper per cubic metre than the ordinary brick and it gives a 90% saving on mortar," he said

Mr Stemmet said he hoped the first shipment would reach the South African coast before Christmas

He began his search for imports after delays of a year had built up on certain

● To Page 3

Germans may start brick plant

193 E. Post 19/11/83

● From Page 1

types of brick in parts of South Africa, including the Eastern Cape He found the German brickmaker, with an annual output of 300 million, had surplus capacity because of recession in Europe

Then, because of the shipping slump, he found he could charter carriers at R25 a ton instead of the usual R175

"I am able to sell the face bricks at R240 a ton compared to the local equivalent of between R225 and R250 on site, The quality of the bricks is superb — even better than the high standard set by the SABS"

Mr Stemmet is this weekend discussing arrangements with two Oltmanns executives, Mr Karl Richter, general manager, and Mr, Bernard Flukke, production manager

No threat posed by new brick plant — PE firms

E. Post 21/11/83

(193)

By MARTIN STRYDOM

PORT ELIZABETH brick manufacturers are not worried by the news that a German brickmaking concern may open up a factory in the city

Neither are they worried by the fact that the company will be shipping in bricks to Port Elizabeth

"It won't affect us We are selling more than we can make at the moment," said Mr Wout Offerman, managing director of Algoa Brick and Tile Company

According to Mr Geoff Bird, public relations officer for Corobrick, the largest brick manufacturing company in the country, the company was not worried, either

"If somebody is coming in to help the problem, that's good," he said

Their comments follow a Weekend Post story on Saturday that the company, Oltmanns, which has factories in Germany, France and Britain, would be importing between one and two million bricks a month to Port Elizabeth

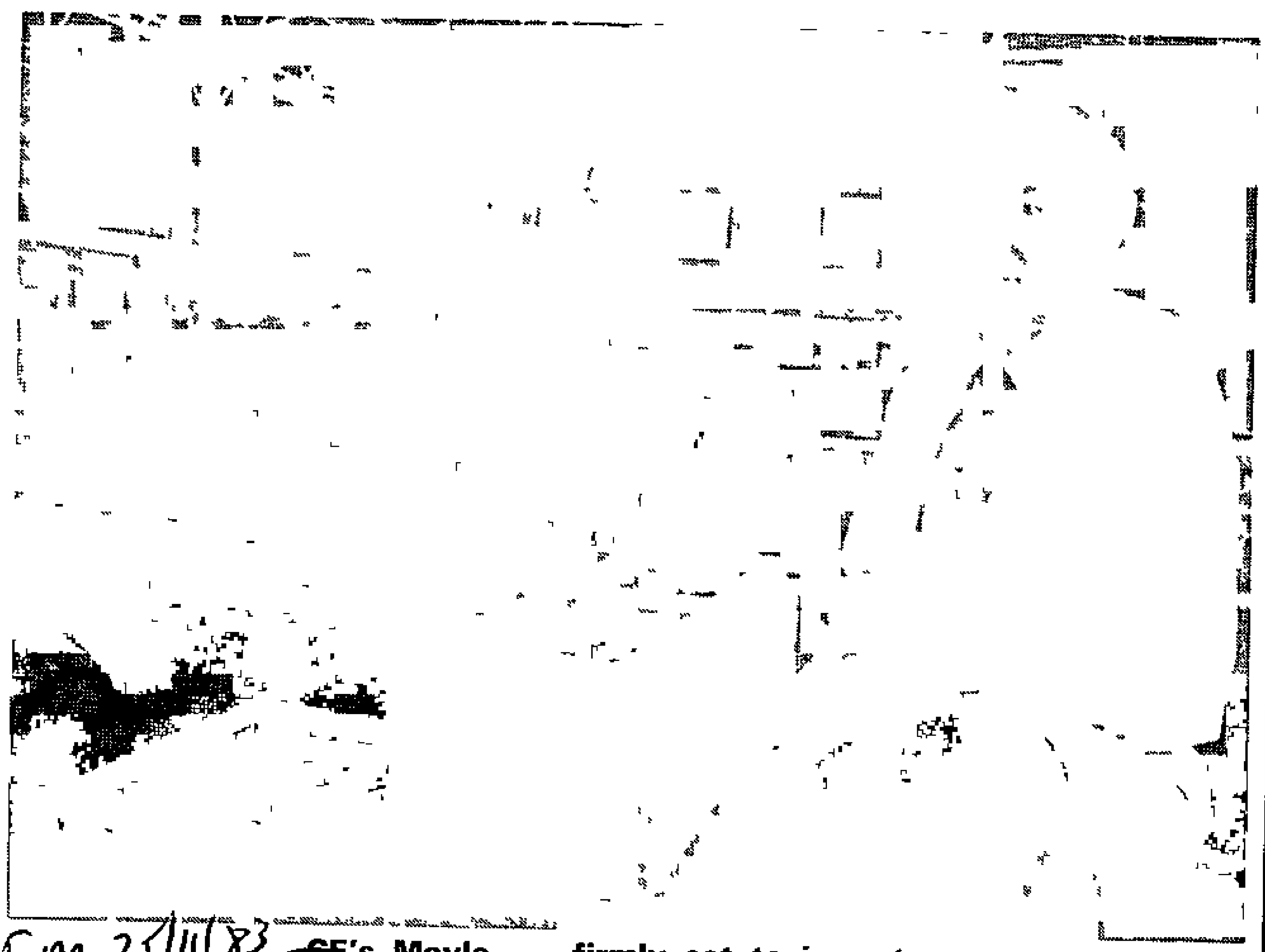
The company's negotiator in South Africa was named as Mr Stone Stemmet, a Cape Town builder and director of Debisa (Pty)

Mr Stemmet told Weekend Post when he was in Port Elizabeth last week that he was collecting orders from builders as well as information about possible factory sites "But," said Mr Offerman, "I personally haven't heard of anybody looking for clay deposits "

Mr Stemmet told the Weekend Post that Oltmanns made a revolutionary brick that had a tongue and groove and was part clay and polystyrene which made it airtight, light and with good thermal qualities

However, none of thé local manufacturers, or the Brick Development Association of South Africa, knew much about the company, Mr Stemmet, or the new bricks

Mr Stemmet, who said at the weekend that he was discussing arrangements with two Oltmanns executives, Mr Karl Richter, general manager, and Mr Bernard Flukke, production manager, could not be reached for comment today



FM 25/11/83 CE's Moyle ... firmly set to import

(193)

R500/t/year

"So, with these kind of numbers I don't see it happening," says Searle "In five years' time, these capex costs for a new plant are going to be even higher"

Searle says even the consortium's reported access to cheap, surplus cement-making equipment on the glutted world market will make little difference to the total costs of a Namaqualand plant Mechanical equipment, he says, makes up only about 20% of a new factory's start-up costs

CE — which is negotiating with Libexim, run by the Greek Bhurri brothers, and the Norwegian Norcem organisation as overseas suppliers for the import project — says the Bhurri interest is the more likely entrepreneur of the two for a possible Namaqualand plant

Sacpa will argue to Industry, Commerce and Tourism Minister Dawie de Villiers next week that the import plan alone "will disrupt the local cement market and is generally undesirable," says Searle

"We want to know the government's motivation for granting the cement permits"

A key issue the Sacpa lobby will probably raise with de Villiers is the continuity of one-year permits over five years CE holds a single permit and is going ahead on the basis of government "undertakings" that the remaining four will be forthcoming

Libexim and Norcem are pressing for reassurances on this point, says Moyle

port earnings

He has also accepted the recommendations of the Rorich Commission, including the controversial suggestion that growers and not millers should be responsible for transporting cane to the mills This will mean a costly and complicated re-adjustment when the industry is beset with a host of other problems

And from international markets comes the news that world prices continue to fall, stocks remain at record levels and no international sugar agreement (ISA) is in sight Representatives of the major producers, met in London last week to prepare for a new agreement Their proposals are to be forwarded to the European Economic Community (EEC), the world's leading producer, for comment

SA Sugar Association (Sasa) export manager and ISA delegate David Hardy says a proposal by SA that the new sugar agreement should be based on a combination of both quota restrictions and stockholding requirements has been put on ice The EEC, he adds, wants an agreement based solely on stockholding — a proposal which most other producers regard as unworkable.

The current ISA lapses at the end of 1984

PE talks to be held on factory for new bricks

(193) E. Post 26/11/83

By CLIFF FOSTER

TALKS are to be held in Port Elizabeth next week with a view to setting up a factory to produce a revolutionary German-designed brick which, claim the Germans, makes the building process eight times faster

Mr Stone Stemmet, of Cape Town, who has already arranged the import into the Eastern Cape of two million face bricks a month from Germany — part of a 25-million consignment nationwide — will be conducting the talks with smaller brick producers in the area

"We will have to go to the smaller brickfields and see what clay deposits they have," he told Weekend Post

"The most practical way may be to form a consortium of the smaller brickmakers in Port Elizabeth"

He gave more details of the revolutionary brick

"The clay is mixed with polystyrene and then when the brick is fired, the polystyrene disappears and leaves a very porous-looking brick It's very light, size-for-size a quarter of the weight of an ordinary brick, and it is much larger, taking the space of six or 12 normal bricks depending on which size is produced

"It means a wall can be built up to eight times faster No mortar is used on the end of the brick It is tongue-and-grooved to fit perfectly, being machined to a tolerance of 1mm

"The initial cost of the brick is 20% lower than the South African brick and then there's the saving on mortar"

He added "I think it's time something new was brought onto the market in the building industry

"We have to have something to enable people to build quickly and at less cost This new brick will help and it is something the handyman will find easy to use"

As for the production of the revolutionary brick in the Eastern Cape, he said "New equipment would be prohibitively expensive so we want to import plant from European factories which have been closed down

"The Germans would have people here operating a training programme for at least three months"

Mr Stemmet said he had not met with any opposition from brick companies over the import of bricks

"The whole climate of opinion is very favourable," he said

"I would like to have the first shipment in by the end of this year"

Price of the imported face bricks will vary between R230 and R330 a thousand, which is more expensive than local bricks, but the imported product is 10% bigger

Threat of tension after Pretoria workers fired

193 RDM 24/11/83

By STEVEN FRIEDMAN
Labour Correspondent

TENSION threatens the Olifantsfontein industrial area outside Pretoria as a result of the dismissal of strikers at Cullinan Industrial Porcelain (CIP) — a firm in the area — and several incidents have already occurred

Fired workers have demonstrated outside the plant twice, police have raided their hostels in Tembisa township and arrested over 100 workers, and management charges there have been incidents in which workers who replaced the fired men were "beaten up"

Workers at three other plants organised by the Building, Construction and Allied Workers' Union (BCAWU) have backed the fired workers and a brief stoppage at one of them this week may be linked to the dispute at CIP

Workers say there is a threat of turmoil, and management says the incidents are the result of a "militant" campaign by BCAWU to gain recognition at CIP

According to a worker spokesman, the tension began over three weeks ago when more than 350 CIP workers — some of whom belong to BCAWU — struck, demanding that management negotiate wages with them

The workers were dismissed and the plant closed for three weeks

During this period the strikers staged a march through Olifantsfontein

At the same time workers at three other BCAWU factories — Cullinan Refractories, Johnson Tile, and Armitage Shanks — wrote to CIP management demanding the fired workers' reinstatement

According to the worker spokesman, workers at these companies also asked their managements to intervene on behalf of CIP workers

On Monday, the spokesman said, the plant reopened and "most" strikers were not taken back That evening management told workers who had been rehired not to return to their hostel, but to sleep on the premises

The next morning fired workers demonstrated outside the plant and that evening police raided their hostel

"Some are in hiding from police now," he said

This week Johnson Tile workers went on a brief strike The spokesman said while this was ostensibly over other issues, "it came after workers asked the company to intervene at CIP"

Mr Ray Tyler, chairman of Cullinan Holdings' electrical division, yesterday confirmed the demonstrations and that CIP had received letters from workers at the three other plants

He denied, however, that most of the strikers were not taken back "Over 260 were rehired and about 100 others were replaced," he said

Mr Tyler said the arrests by police had nothing to do with the company but were related to "reports of intimidation at the hostel"

In one incident CIP workers had been "pulled off a bus and beaten up"

But a police spokesman denied that any of the arrests were connected with the strike More than 100 workers were arrested in the raid for being "illegal" residents of the hostel, he said

Mr Tyler said BCAWU represented only about 25% of CIP workers

"We have nothing against unions and would deal with them if they represented a majority," he said porary and has vowed to follow the dispute through the official machinery It also suggests the order has not decided the merits of the case

But the fact that employers could face 90-day orders to reinstate workers in similar situations could act as a powerful incentive to negotiate on safety

28/11/83

THE employer lobby calling for the industrial court's wings to be clipped seems to have won the day RDM

A new law is likely in 1985 to define an "unfair labour practice" more strictly

This follows last week's industrial council summit at which it was argued that the wideness with which the concept is defined in law gives the court excessive powers which interfere with the role of councils

Emerging unions have won major gains from the court and the call for change is a reaction to this Established unions back the employer view

There is nothing wrong with defining an "unfair practice" more strictly

It is preferable for the law to spell out exactly what is "unfair", while still leaving the court some leeway

But much will depend on the new law's wording

If it "rolls back" union gains in the court — particularly the right to bargain where they represent a majority — the measure will appear to be

the minimum wages in council agreements

RDM 193 28/11/83

TURMOIL hit Olifantsfontein, outside Pretoria, in the past week

This centres on a dispute at Cullinan Industrial Porcelain, where some workers belong to Cusa's Building, Construction and Allied Workers Union

Workers struck more than three weeks ago and were fired The plant closed temporarily, then reopened last week Strikers were selectively rehired

There have been demonstrations and a march by fired workers, police have raided their hostel and arrested over 100 on pass offences and management claims fired strikers have assaulted CIP workers

Workers at three other BCAWU plants in the area see the dispute as a test and have written to CIP demanding the reinstatement of the fired men They have also asked their own managements to intervene

At one company, Johnson Tile, a brief strike last week seems partially related to the CIP dispute

CIP sees all this as a "militant" campaign to gain recognition for BCAWU at the plant where, it says, it has only 25% membership

BCAWU insists the company is refusing to negotiate with its workers

Whatever the truth, the incidents show a cohesive BCAWU presence in the area

2) RDM 28/11/83

hake off trade shackles

trading partner of ...'s determination to ... on its wealthy neigh- ..., both in Africa and ...eports from Harare.

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...her Harare economists ex- ...ed concern at the declining ... between Zimbabwe and South ... One said the pattern of trade ... the two countries was ...ably evening out largely due to ...s such as a depressed consum- ...arket in Zimbabwe and last ...'s devaluation of the dollar, ... favoured Zimbabwean ex-

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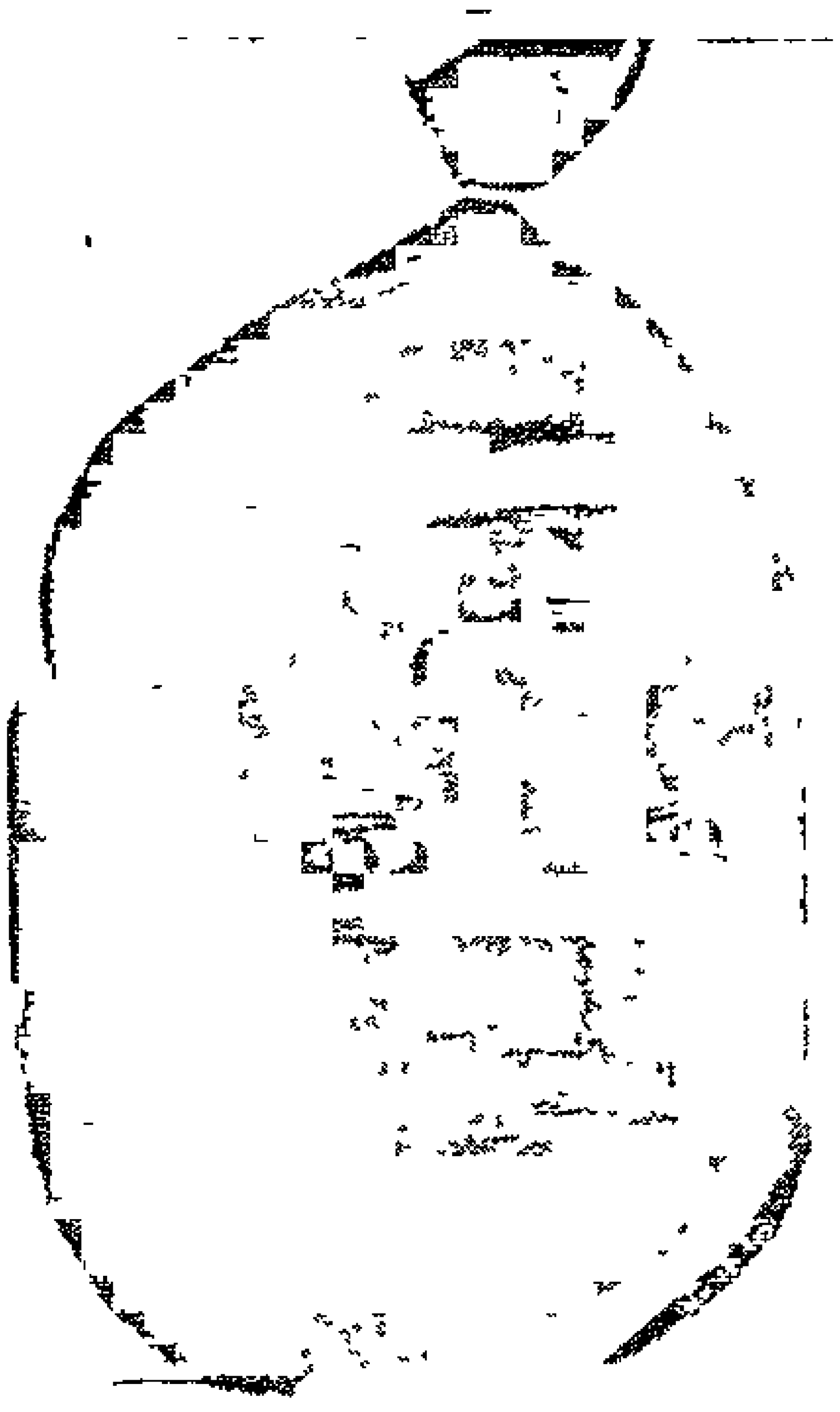


report says "If the advent of a more accommodating system for that country is imminent, the resource costs of effecting what will then be only a temporary diversion of trade would be out of all proportion to any effect it is likely to have precipitating events

"If, on the other hand, no early change in the South African political system can be expected, trade diversion may turn out to be a largely ineffectual but nonetheless painfully self-damaging gesture"

A spokesman for the South African Trade Mission in Harare said economic stability in Zimbabwe was in South Africa's interest and he expected no major change in trade between the two countries "for at least 10 years"

Although trade with Zimbabwe represented only a fraction of South Africa's foreign trade, trade and transport links through Zimbabwe were "very important in a regional context"

Breakthrough is expected soon on asbestos substitute

(173) E. Post 28/11/83

Post Reporter

ONE of South Africa's largest fibre cement building material manufacturers, Everite Limited, could be on the brink of finding an alternative to asbestos, a known health hazard, in fibre cement

The company's managing director, Mr H Thoeni, is expected to make an announcement of a breakthrough in the first half of 1984

Mr Thoeni said in the company's annual report that there were promising developments in the area of asbestos fibre alternatives, a statement which led almost immediately to speculation that an announcement was imminent

However, this could not be confirmed

The company had been actively engaged in developing wood fibre as an alternative over the past few years, but research proved wood fibre on its own was not strong enough for the manufacture of pressure pipes

Work was therefore continuing on the development of a substance which, combined with wood fibre, would have the resilience and strength of asbestos without its potential health risk

Mr Brian Gibson, a company spokesman, said that in certain circumstances asbestos posed a danger to health

However, the industry was taking stringent asbestos control measures and had been doing so since 1960

Asbestos levels were kept down by using wet production methods and by removing dust from working areas with dust extraction systems

Mr Gibson said the air in every plant was monitored and where levels exceeded the acceptable standards, it was compulsory for employees to wear protective clothing and respirators

All employees had regular training to make them aware of the possible asbestos dangers in the factories

Mr Gibson said consumer products that contained asbestos fibre were now well labelled, warning the public to avoid causing dust when cutting asbestos products by using high speed electric tools Customers were encouraged to use handsaws and to work out of doors preferably

He said more and more of the products for consumer use were pre-cut and needed no further cutting

Mr Gibson said the company believed every human being had some asbestos fibre in their lungs

He said there were natural asbestos outcrops in the ground and large amounts of asbestos in the brake linings of cars

"So if asbestos was all that lethal, we would all be dead," he said

Union changes stance on legal recourse

RDM 29/11/83

Labour Correspondent

THE unregistered National General Workers' Union has decided to make use of the Government's official dispute-settling machinery for the first time, its general secretary, Mr Donsie Kumalo, said yesterday

Mr Kumalo said this represented a change of policy as the union had been against using the official machinery in the past Union leaders' new stance would be put to members at a general meeting at the weekend for ratification

He said the change was being made for "tactical reasons" and would involve referring disputes to industrial councils and the industrial court

According to Mr Kumalo, the new stance would enable NGWU to declare disputes with two companies in the Pretoria area, MM Steel Construction and Bold Stone, who he accused of refusing to recognise the union "even though we have majority membership at their plants"

The disputes would be referred to the metal and building industries' industrial councils and, if they failed to settle them, to the industrial court, Mr Kumalo said

"It is an unfair labour practice to refuse to recognise a majority union and we believe both these companies have done this," he said

But a spokesman for Bold Stone expressed "total surprise" at Mr Kumalo's statement

"We are still negotiating with this union and this is the first I have heard of a deadlock or dispute However, you obviously don't recognise a union overnight and we have been holding talks on the subject In fact, we have been waiting for the union to come back to us with a date for further talks," he said

An MM Steel Construction representative also denied the company refused to deal with NGWU

HOME-BUILDING

Shortage of bricks still big headache

ARGUS 30/11/83 193

Staff Reporter

PROSPECTIVE home-builders must think ahead if they want to have all the materials they need available at the right time — and hope that prices do not rise too sharply while they wait

That is the implication of a snap survey of local suppliers and manufacturers of building materials

The biggest problem remains the availability of bricks, with a lag of about six months between order and delivery

Sanitaryware might be a slight problem depending on the colours required, according to a buyer for a hardware chain

"There is no problem with wood or cement and the whole of South Africa is covered with tiles," said Mr Mogamat Fataar of Western Province Hardware

Prices, of course, may not remain static while would-be home builders plan their houses or await the materials

The price of bricks in the Western Cape went up seven percent in July and another four percent this month

The price of cement rose by seven percent in August and the price of structural timber will rise by 10 percent next year

Mr Peter Hughes, general manager of Federated Timbers, said there was no shortage of soft wood for building

He said the price increase was to cover increased costs It had been approved by the Government and was the first in a year

The general manager of Cement Sales (Pty), Mr Ted Paarman, said there was no shortage of cement in the Western Cape and producers had spare capacity

"If people place an order today, they can get it tomorrow," he said He expected an increase in demand next year, but "nothing tremendous"

The chairman of the Western Province Brick Manufacturers' Association, Mr Graham Bounds, said that next year would be a better year than the current year for the supply of bricks

"We are working flat-out through the builders' holiday to produce bricks while the builders are not laying them

"I expect quite a lot of bricks to be around from January to March," he said

There would be a shortage of bricks later in 1984, beginning in about June or August, depending on how early the winter rains started

This was because about 40 percent of building bricks were made by producers working in the summer months only

"The shortage this year was caused by the combination of a lot of public sector work and a tremendous amount of domestic work

"We expect the domestic market to ease back next year because of a lack of finance and of high bond rates

"At the same time, more bricks will be made"

A spokesman for a Western Cape brick supplier, Crammix Ltd, said there was about a six-month delay for building bricks

However, some colours of facebrick were being supplied from stock and other had a waiting time of only two to three weeks

A Bellville builder, Mr Stone Stemmett of Debisa (Pty), is importing bricks from Germany to ease the shortage

And some enterprising home-builders are investing in their own brick-making machines to produce their own bricks on site

PEOPLE

Pupils plan 700 km run to keep pals at school

Argus Correspondent

PRETORIA — Pupils at one of South Africa's leading schools are to tackle a 700 km run to raise funds for some of their schoolmates whose fathers have fallen on hard times and are unable to keep their sons at the school

drought in the south

The idea of the fund was proposed by the boys who had seen their friends forced to leave the boarding houses and school because funds were tight, said a master at the school

The fund would also have a second

Cement control scrapped

(193) RDM 1/12/83

By GAIL PURVIS

IMPORT controls on cement will be abolished on January 1

Producers have been advised, however, that they may apply for tariff protection against disruptive imports

The South African Cement Producers' Association welcomed the announcement yesterday by Dr Dawie de Villiers, Minister of Industry, Commerce and Tourism, who made the ruling after receiving several applications for import permits for cement

"We feel that this move will kill the near black market developing in import permits," said Mr Ronnie Searle, association chairman "It will also allow manufacturers to import

The real battleground will be Durban In the past it sourced cement from the Western Transvaal This not only affected price but also meant some severe bottlenecks in winter with rail congestion on maize and coal shipments

"If imported cement prices are lower than we can economically bring outs to the market, we will apply for protection We will also match, or better, any imported cement prices"

Cement Enterprises, a consortium supported by the Building Industries' Federation of SA, intends importing 500 000 tons of cement through Durban from February

This represents less than 6% of consumption running at 7,9-million tons a year

CE's chief executive, Mr Bernard Moyle, has said that the consortium could offer imported cement at about 5%-10% below cartel rates

Surplus cement stocks exist in Western Europe, Taiwan, Japan and Eastern bloc countries

STAR 1/12/83

(193)

Cement import move regretted

Pretoria Bureau

Cement manufacturers were taken aback by the unexpected announcement by the Department of Industries yesterday that import control on cement was to be lifted

The executive director of the SA Cement Producers Association, Mr G Taylor, said the cement industry was "extremely perturbed" by the swing in policy.

It coincided with an enormous overcapacity in Europe, which had led overseas cement producers to export at prices far below average cost, and with the lowest freight charges in 80 years.

It cost less to transport a cargo of cement from Europe to Durban than to rail it from the Western Transvaal, Mr Taylor said.

Adding to the industry's woes, the overvalued Rand had given importers an artificial advantage

The giant new cement factory at Port Shepstone, erected at a capial cost of R200 million by the four major cement groups, was due to begin production in two weeks' time, and its market might be dangerously eroded by imports

There was certainly no cement shortage in sight said Mr Taylor

The announcement by the Department of Industries said cement was to be included in the free list from the beginning of January

The industry could apply for protective tariffs if it wished

Overseas dumping of cement feared

(193) E. Post 2/12/83

By SHIRLEY PRESSLY

IT was possible that South African ports might be flooded with cement from overseas — where it was in over-supply — once import controls were lifted in the new year, Mr J P C N Bezuidenhout, regional manager of Pretoria Portland Cement, said today

However, he said, as long as competition was healthy there was nothing wrong with the lifting of import controls on cement, though South African suppliers could meet the present demand

There was, therefore, no need for imports

Mr Bezuidenhout said he would adopt a wait-and-see attitude, but feared possible dumping of cement from overseas at South African ports

"But there won't be a market for the dumped cement," he said

Mr Bezuidenhout said cement was in over-supply in certain overseas countries and he feared that they might dump their supplies in South Africa just to try to keep their plants going through the lean times

Mr Bezuidenhout, who said EP Cement was now trading as Pretoria Portland Cement because of a company decision to bring all its outlets under the corporate image, said cement manufacturers were expected to provide for new plant and increased job opportunities

But at the same time they were no longer afforded protection against the possible flooding of the market by imported cement at cheap prices

"The South African cement manufacturers have a commitment to the country," he said

"The overseas operators who might dump their cement in South Africa have no commitment"

BRICK SHORTAGE

Turning to Europe

193

Cape property developers are to import 40m facebricks, mainly for housing, over the next 12 months in a R6m deal with a West German concern aimed at beating the bottleneck in SA supplies. The supply position in the Cape is now so critical that in isloated cases black market bricks are commanding a 100% premium on the normal ex-works price of R205/1 000

Apart from the German deal, small quantities of bricks are also being brought in from Zimbabwe

The first consignment of 4m bricks in terms of the Cape deal is due to arrive before Christmas Parties to the contract are Stone Stemet and Moore O'Hara, partners in the Bellville firm of Debisa, and the Henrich Oltmanns' group of Bremen

Stemet says its decision, which should help ease the pressure on the small builder, was prompted by the "take it or leave it" attitude of SA suppliers, who quoted anything up to a 52-week delay in deliveries — but no guarantees

This is confirmed by Bifsa executive director Lou Davis, who sees the delays and shortages as the necessary motivation for government to examine the brick industry's privileged position through import controls — a similar privilege was withdrawn this week from the cement industry

Bifsa has been approached by the Director of Imports at the Board of Trade & Industries to comment on the justification for import permits

"Prices are going to go through the roof," warns Davis

"Building costs escalated by 16% last year, they have gone up about 12% this year and, if demand continues as it is, they will be around 20% next year But I'm wondering whether our efforts to pressure producers of primary materials is going to have the effect of keeping prices down"

Turnover in the building industry this year is expected to be about R6-billion, and Davis says the increase in demand for bricks is far more vigorous than the SA production potential

The problem, says Toncoro MD Cedric Savage, is that the industry, which produces 4-billion bricks/year, was faced with an all-time record in demand between March and August this year During this period, loans from building societies and banks, as well as institutional money for new building was about four times higher than in the corresponding six months of 1982

"All this money manifested itself in tremendous building programmes with residential dwellings leading the way The peak was more than the industry could cope with In some areas, sales are 34% higher than last year and with that type of demand I doubt that any industry could cope"

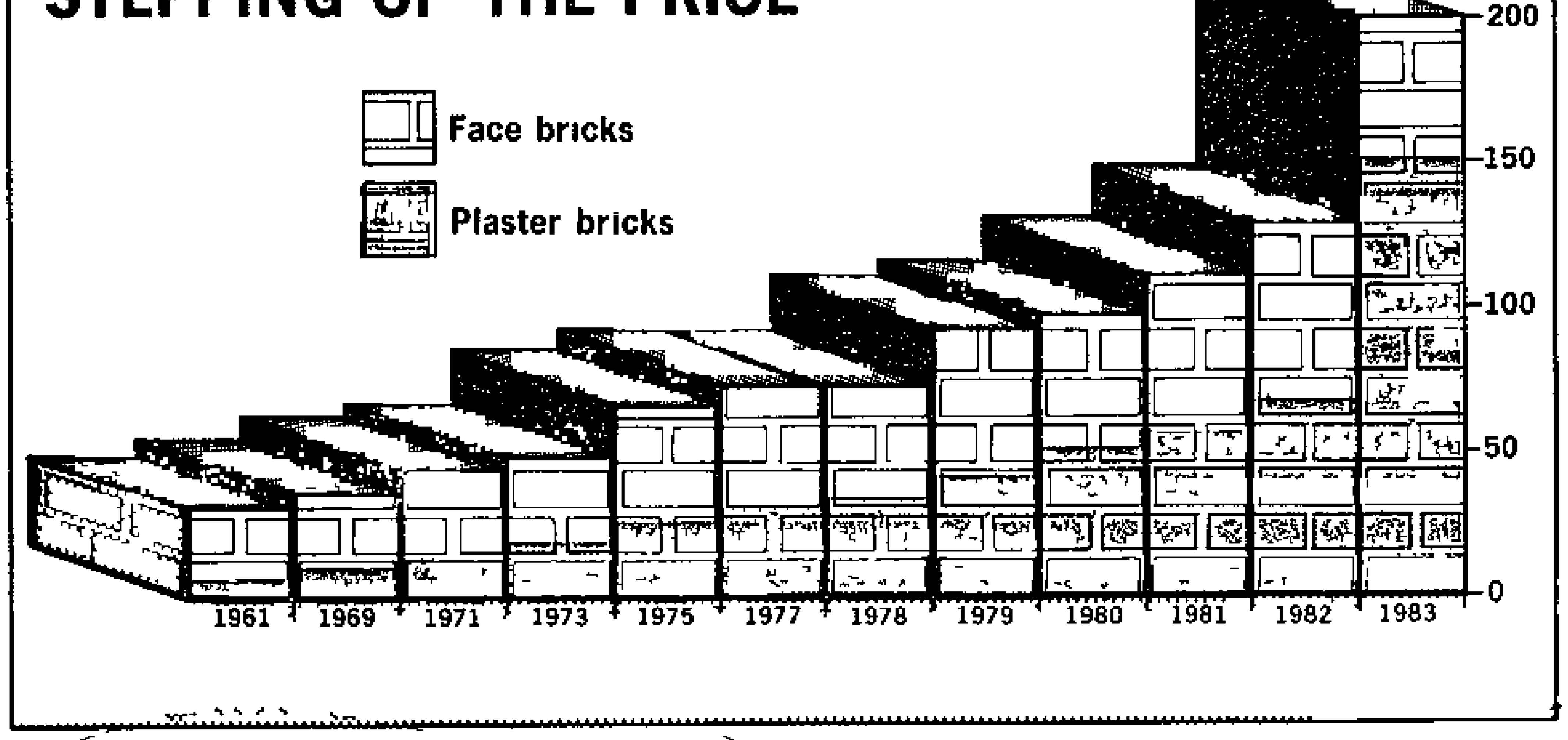
Lending decrease

Savage, whose group accounts for about 90% of SA facebrick production, says that, with mortgage lending on the decrease, demand for housing bricks is dropping, particularly in the Transvaal, OFS and western Cape

And he says he welcomes competition from imports "because, let's face it, we must have competition in SA Also, these bricks will help alleviate the uncomfortable situation potential home builders face"

Toncoro, which plans to spend R40m on increasing its capacity over the next two years (other companies in the Transvaal and western Cape have similar plans), is advising customers that it cannot meet their requirements for the time being But, says Savage, it is easy for orders on hand to disappear overnight "In 1981," he recalls, "our nine-month order book was reduced to immediate delivery within a month"

STEPPING UP THE PRICE



CEMENT CRUNCH

Harder line

193

FM 2/12/83

The warring in the cement industry, in which the cartelised producers have been up in arms over import permits, took a new twist this week Not only has import control been scrapped, but Cement Enterprises' (CE) has hinted that it might now land as much low-priced cement as the SA market can take

CE originally held a permit to import 500 000t/year, or 6% of total SA consumption, starting in February Its prices, the company says, will be 5%-10% below present Durban area cartel rates for lower-grade cement

Now, says CE's Bernard Moyle, "there seems no reason why we can't look at true supply-and-demand volumes"

Moyle says he is not clear yet on whether some kind of volume restriction will apply to him Partner Pieter Aucamp was handed back his original 500 000t/year permit for 1984 by the Board of Trade and Industries (BTI) last Friday It was to be the first of five over five years

The announcement of the import control abolition followed a week after the SA Cement Producers Association (Sacpa) met Industries Minister Dawie de Villiers to lobby against permits, specifically CE's.

Sacpa chairman Ronnie Searle says the deputation was told of the import control abolition then

The cartel promised earlier in the month that it would drop prices "substantially" in the Durban area to head off the CE imports

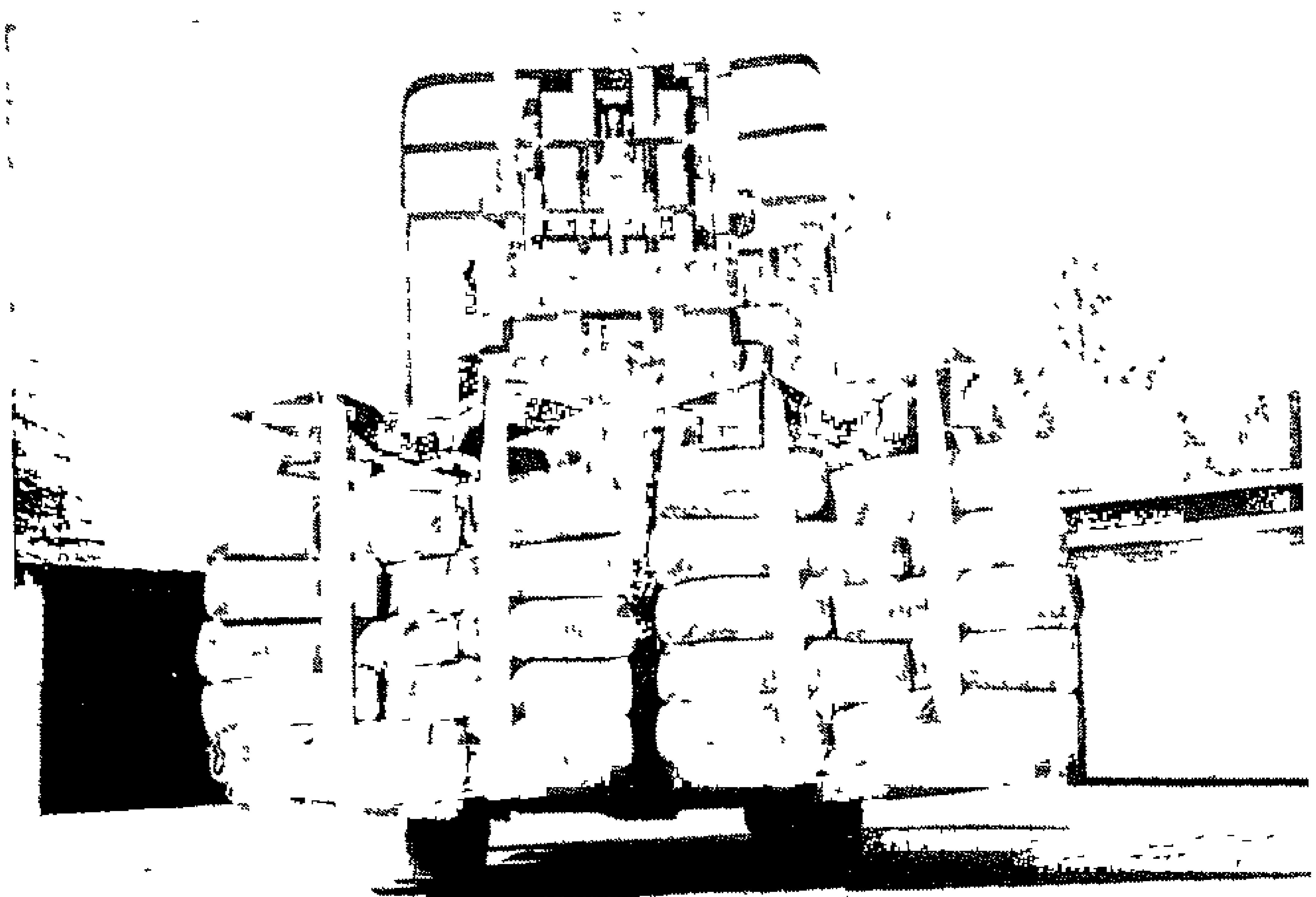
De Villiers' announcement on Wednesday says Sacpa " has been advised that application be made to the BTI for tariff protection against possible disruptive imports"

Will the cartel (essentially Anglo-Alpha, Pretoria Portland Cement and Blue Circle) import, too?

"Yes, sure," says Anglo-Alpha MD David Baker, who sees a danger of permits "becoming black market commodities."

"If we feel it's an economic feasibility, we'll go ahead and import ourselves," he tells the *FM*

"But I shall import only if there's a local cement shortage I know where to go I'll go shopping in the best market and will have imports here in two to three weeks As soon as I run out, I'll do it"



193 Cement ... bags of trouble

The cartel says current annual demand for cement is 7,7 Mt with capacity at 9,2 Mt

Baker — who a fortnight ago was threatening to mothball the cartel's new 450 000 t/year R175m clinker plant at Simuma near Port Shepstone if CE's permit were not withdrawn (*Business* November 11) — won't say outright whether he'll now go for the tariff barriers

"We seem to believe we'll be applying for tariffs — that's all I can say"

However, there is a possible alternative Says Baker "If we find cement is coming in at less than R60/t then it's a clear case of dumping We may work on a basis then that tariffs will be sought when imports land below a minimum price" He says this could be a benchmark in the R80/t range

For the moment, Baker stands by his promise to drop prices in Natal but makes it clear the reduction will mean "we'll have to raise prices elsewhere"

The war is on

WINE IMPORTS

Signs of distress

SA wine producers are expected to put strong pressure on government to "protect" the industry against "distress selling" of EEC table wine They have already called on Industries Minister Dawie de Villiers to protect the brandy business from "dumped" Scotch whisky

KWV chairman André du Toit says "the first signs of emergency sales of surpluses are already with us" Referring to last year's imports of about 1 Ml of natural wine (all sources), Du Toit says "We can live with that I want to state unequivocally that imported wines have a place in the Republic They provide competition and variety of choice to the consumer

"During the past few months, however, it happened that imported wines were offered, tax-paid, to dealers at lower prices than the prescribed minimum for packaged wine produced by co-operatives" This suggests landed prices of R8 or R9 a case

Adds Du Toit "In view of the prospect that 1983 will once more yield large crops in the EEC along with protectionist producer prices, higher tariff barriers and state-assisted export efforts, sales of natural wine at unnaturally low prices on the SA market should be strongly resisted"

Much of the imported wine is unadulterated plonk, but importers and consumers are learning fast Little wonder sales of European wine guidebooks are soaring

SA producers are not the only ones complaining Last year a team of US analysts was sent to Europe at the request of California Senator Pete Wilson to investigate complaints by American growers that EEC exporters were expanding their share of the US market by means of an array of production and financial incentives

Now, KWV may be pleased to hear, Wilson and the California winegrowers have proposed a "Wine Equity Act" which would require that American wines be admitted into foreign countries on the same non-tariff basis as foreign wines are currently allowed into the US

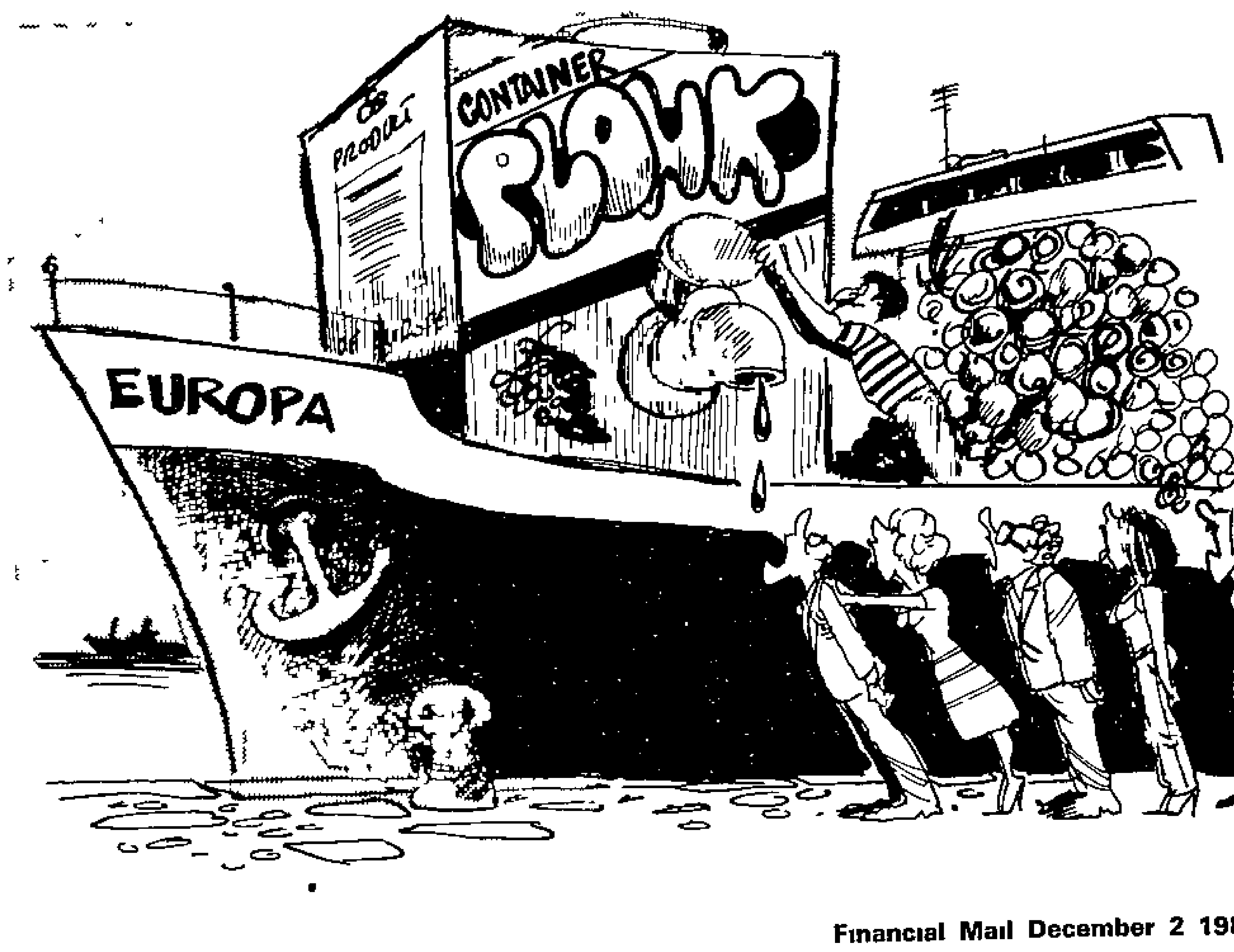
Co-op assistance

The US study found that special assistance was given to EEC co-operative wineries This included payments to producers for distillation of surplus wine (this has been going on in SA for 50 years and is the main prop of the industry), assistance for wine storage and direct subsidies for export to non-North American destinations, with appropriations for these stand-bys having increased from \$80m in 1978 to about \$600m in 1982

Du Toit says European wines are landed in the US at \$5 and \$7 a case and that something similar is beginning to happen in SA

He says the wine lake is growing Last year EEC production of natural wine rose 23% to 172m *hl* out of a total world crop of about 350m *hl* This was about 20m *hl* in surplus of requirements Market prices fell sharply in March and did not even reach EEC reference price levels

SA and EEC strategies for working off wine surpluses differ Europe, by fair means or foul, tries to export its way out of



PE acquires its second automatic brick plant

193

E. Post 3/12/93

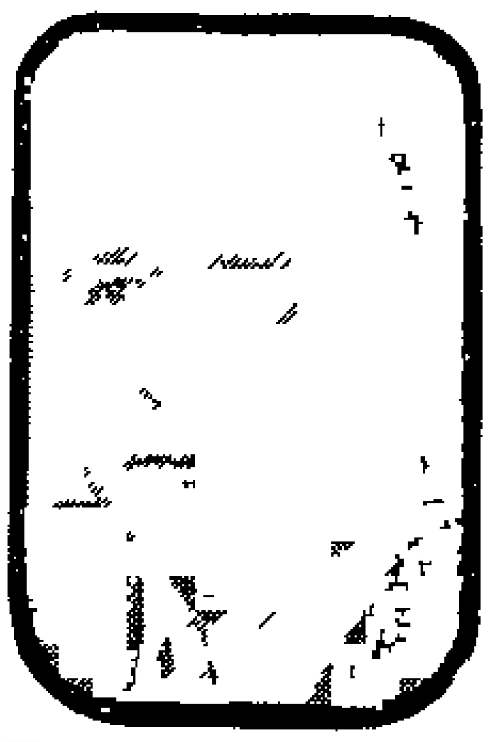
ANOTHER automatic brickmaking plant (Port Elizabeth's second) went into full operation this week Its productive capacity will add 100 000 bricks a day to the diet of a brick-hungry community

Mr Ron Daly, a director of Seahorse Construction, which trades as Brick and Blockmaster, said the installation of this new plant crowned 12 years of growth and achievement for a firm which had very small beginnings

Founded in 1971 by engineer Mr Frank Daly (Ron's father), the firm at first concentrated on the making of pre-cast concrete walling

With eyes on the future, however, the firm acquired a four-hectare site in Cotswold — still more than big enough to accommodate the extensive site works and large building needed to house the enlarged production capacity

Between 1971 and '78 the firm concentrated on meeting the gradually growing demand for its expanded range of products which came to include concrete



By Owen Parker

Property Editor

blocks, pavers and other cement-based products

The move into concrete bricks began in 1979 with the purchase of a machine capable of producing 10 000 bricks a day

Demand for their products, however, soon outstripped the capabilities of this machine, so a larger model was acquired capable of making 35 000 bricks daily

"I suppose we are lucky, for we have always had that problem of keeping up with increasing demand," Mr Ron Daly told PROPERTY POST in an interview

Now, with the commissioning of their recently-acquired fully automatic concrete brickmaking and batching plant, their production capability with this machine would be 100 000 bricks a day, said Mr Daly

"The bricks we are about to make will be even better than those we have made before"

In addition to ordinary stock bricks, the company also makes an assortment of coloured facebricks in smooth and rock-face finishes

This was so, said Mr Daly, because the plant was more sophisticated and initial curing would be carried out in heat and moisture-controlled conditions

Concrete bricks manufactured in the new plant would comply in every way with SABS specifications for such products, he said

The computer-controlled plant accurately weigh-batched the sand, cement, aggregate and water content, assuring a top-class product

He said the concrete slab they were now laying to accommodate the new building for the plant and the increased production area needed was the size of four hockey pitches

Mr Frank Daly, Ron's father, told PROPERTY POST that indeed his luckiest long-term break in business was the acquisition of their big site in 1978 from Reinforcing Steel Co

"It's given us the elbow room we needed ever since," he said

Quality control had always enjoyed high priority in their thinking, and to this end the company was a member both of the Concrete Society of Southern Africa and worked closely with the Portland Cement Institute

Commenting on recent moves to import bricks into South Africa to alleviate the current shortage, he said he hoped that in the longer term this would not result in the lessening of the need for local labour

"The creation of more, not fewer, employment opportunities in this area is what we need," he said

Brick producers expand into a see-saw market

Cape Times 13/12/83 193

By ALEX PETERSEN
Deputy Financial Editor

WHILE BUILDERS protest the dearth of bricks, leading Cape brick manufacturers are currently embarked on a strong expansion programme which will bring about a significant increase in productive capacity

Three major producers, Corobrik, Crammix and Calsica have all announced major expansions in the last few weeks

Corobrik, the dominant producer with nearly 50 percent of the Western Cape market, have spent R2,5m bringing their Paarl factory into full production of 150 000 bricks a day, or about 25m bricks a year. As well, Corobrik's recently introduced cement plaster brick is being produced in the Cape at a similar volume.

Second biggest Cape producer, Crammix is also expanding dramatically, with a about 4m facebricks a month coming out of their recently installed tunnel kiln Crammix managing director, Mr A van Bommel, has now ordered a second larger kiln from the Spanish manufacturers at a cost of approximately R3,5m

Also expanding are Calsica Bricks The managing director, Mr Rob Low, says that the second phase of a R2,2m plant expansion at the Eerste River factory should come on stream by September 1984

Housing market

"We believe that the demand for bricks, particularly in the housing market, will continue to grow, and we have decided to expand accordingly," Mr Low said

Calsica are also planning a second plant in the northern suburbs of Cape Town Work will begin on this in the coming year, and the plant should be in production early in 1985

When in operation, the expansion programmes will increase productive capacity by about 20 percent over the April 1983 level, but the irony is that in spite of the current order lag for bricks of about six months, the situation could change rapidly

"By the middle of next year we could easily have a surplus of bricks," said Mr Low

Mr G J Snyman of the Bureau of Economic Research of the University of Stellenbosch tends to agree He points out that factors affecting the current boom in brick demand have already altered.

"Most builders have plenty of work at the moment, but I see that situation changing"

The boom in residential housing, he points out, really took off at the beginning of 1983, when mortgage and interest rates eased markedly, triggering a sharp rise in the value of residential plans

Upswing

The clincher on brick demand was the strong upswing in the building of schools Houses and schools are both high volume brick users compared to other sectors of the building industry

The sudden upswing in brick demand illustrates the see-saw nature of demand that the industry faces

Following the boom of 1971 and 1972, builders — and brickyards — experienced the biggest slump in 40 years in 1975 and 1976

Historically brick manufacturers have faced a feast or famine situation, Mr Bruce Sprake, the marketing manager for Corobrik, points out, which makes for "a very unstable planning environment"

For the face-brick side of the industry in particular this has made planning precarious, since kilns, milling and brick-making plant are an expensive investment A further constraint historically has been price control on bricks, which was finally lifted in 1982 after 18 years

Controlled prices were calculated on a return-on-investment formula which was based on factories producing and selling 100 percent of their theoretical capacity — a situation that remained largely theoretical With inflation in double figures, the brick industry was not seen as an attractive investment.

Run of kiln or plaster bricks are a different matter, since they are fired outside in specially built clamp-kilns But production must inevitably be erratic since it is vulnerable to the vagaries of the weather Many Western Cape yards traditionally shut down in winter

The significant factor in Crammix's expansion is the its concerted move into face-bricks, where Corobrik until recently held 90 percent of the market When the second tunnel kiln is installed in the latter half of next year it will expand Crammix's production to over 12m a month

The company has also recently bought a 300 hectare farm in the Durbanville area with large deposits of high quality clay

Like Corobrik, Crammix are expanding their range to produce tiles and more sophisticated bricks, while Corobrik have revamped their distribution network and marketing programme

If demand for clay bricks does, as predicted, fall off in 1984, competition in the market could become a very real factor

1983

193 ~~Daily~~ Mercury 16/12/83

Brickmakers under fire again

Property Editor

FOR the second time in two days, the executive director of the Building Industries Federation (South Africa), Mr Lou Davis, has criticised materials suppliers — and especially the country's brick makers

Mr Davis said in a statement on Wednesday there was growing bitterness over brick shortages and added that a meeting was to be held with producers to sort out the question of supply

He claimed the whole problem had been created by the manufacturers

Yesterday, Mr Davis renewed his criticism in an end-of-year review in which he warned of a return to the 20-percent-a-year building costs increase unless materials manufacturers took a more 'positive view' of future demand pressures

Executives of Corobrik in Natal were unavailable for comment yesterday

Although Mr Davis has blamed manufacturers for the present shortage of bricks, there has been comment in the industry that part of the responsibility must be taken by some builders who had created their own stockpiles during the glut

Corobrik said this week it would work throughout the builders' holiday, which began yesterday, to try to alleviate the shortages

Mr Davis said in his latest statement the building industry was looking forward to 1984 with confidence

'Although cautious optimism restrains any statement of a dramatic upturn for the first half of 1984, outside indications are that the second half of 1984 promises to be extremely vigorous,' he said

'The year will begin at a high level of activity in the industry and at worst should continue to produce positive growth trends

'Shortages of labour and primary materials such as bricks continue to put enormous strain on an industry which is supposed to be at the moment in mild recession

'Bifsa is therefore redoubling its efforts to stave off unhealthy building cost increases when the dramatic upturn comes as a result of scarce and expensive resources of materials and labour

'It is felt that unless material manufacturers take a more positive view regarding future demand pressures, there is every likelihood of building costs once more escalating at the 20 percent a year level'

RAND DAILY MAIL, Thursday, December 22, 1983

193

Gallo agrees to equal pay for women

By STEVEN FRIEDMAN
Labour Correspondent

THE Commercial, Catering, and Allied Workers' Union (Ccawusa) has signed an agreement with Gallo (Africa) which will ensure that women doing the same work as men receive the same pay.

The union also described wage increases negotiated between it and employers as "perhaps the best this year"

Ccawusa also said yesterday it had reached an agreement with wholesalers Makro which would increase pay for all workers at three of the company's outlets by R50 a month

At Gallo, a Ccawusa spokesman said an agreement signed yesterday would raise the pay of workers earning R100 a week or less by R8,25 a week Those earning between R100 and R150 would receive an R11-a-week rise and those earning above R150 would get R13,50 extra

He said the agreement was valid for six months The two sides would negotiate a further increase in mid-year

The spokesman said pay discrimination between men and women workers would now be eliminated

Before the agreement, the minimum for women had been R2 a week lower than that for men, and women earning the minimum would therefore receive a R10,50 a week increase, he said

A company spokesman, Mr Malcolm James, confirmed the agreement and said about 300 workers were covered by it

He added that the difference between men and women's pay had, in the past, been much greater than R2 a week, but the company had been moving towards pay equality between the sexes for some time

"The agreement therefore completes this process, which was initiated by the company", Mr James said He added that about 5% of the company's women workers were doing the same jobs as men

At Makro, the R50 increase will apply for the whole of next year and is the result of a verbal agreement between the company and the union A formal wage agreement is due to be signed soon

The increase covers the company's outlets at Pretoria, Amalgam (Industria) and Germiston It is understood that minimum wages will rise by about 22%

A company spokesman has confirmed the agreement

Dec 1983

RDM

Three recognition agreements signed

Labour Correspondent

THE Natal branch of the Metal and Allied Workers' Union (Mawu) has signed three full recognition agreements with companies in the Maritzburg/Durban area, a union statement announced yesterday

According to Mawu, this means its Natal branch has now signed 25 recognition agreements with employers

The union named two of the three companies which had recognised it as Van Leer — a Dutch-owned metal container firm — and Pillar Naco, a subsidiary of the Plate Glass group It did not name the third company

The statement said all three agreements gave the union "full plant-based bargaining rights" and also provided for grievance and discipline procedures and the right of shop stewards to operate in the plants

Mawu described the three agreements as "useful and constructive"

The union's Natal branch has grown rapidly this year and claims its membership has doubled in a matter of months